To - HRC
From - Shirley
Paul London asked me to pass this on to you.

Chris -
FYI
Shirley

MEMO

To: The President

From: Paul A. London

Subject: Recommendation that You Support a Joint Commerce, HHS, VA Study of the Benefits of the Computerized Patient Record.

Date: July 23, 1999

Background:
You may remember that I talked to the First Lady in January and February about the potential for improving health care quality and reducing costs by promoting faster adoption of Computerized Patient Records (the CPR). She was enthusiastic about looking into this further if privacy concerns could be resolved.

Since then, I have been trying to get the WH health care people and the VP's office to support a joint Commerce, HHS, VA study of the cost-saving potential of the CPR, and working with the HIPAA privacy task force at HHS. This memo recommends that you ask for a joint study.

A few points concerning the potential of the CPR:

* The VA reduced post-surgical complications by 40 percent in 10 surgical procedures because information from its CPR system allowed it to establish the risk profiles of patients before surgery. This makes it possible to compare outcomes, rate surgical units fairly, and adopt "best practices." Empirical outcomes comparisons are what the whole health care system needs.

* A McKensie study in 1995 estimated that IT in health care could save $235-280 billion annually. Hambrecht and Quist uses a $250 billion figure. Don Lindberg at the Library of Medicine uses $30 to 100 billion. However, no study pulls together the dozens of "anecdotal" micro-studies of savings from the CPR. Such a study could be useful next summer."

* The Institute of Medicine has called for stronger government efforts to promote the CPR since 1991. It continues to be critical of the government's almost exclusive focus on research, nomenclature, and standards.

* The First Lady's office has called the WH health care people about idea of a joint study, but they are busy with Medicare, the Patients Bill of Rights, and privacy issues. Nothing is likely to happen unless you and/or the VP ask for such a study.

Recommendation:
That you and the Vice President initiate two modest efforts:

First, ask Commerce, HHS, and VA (perhaps with private sector collaborators) to do a 6-8

month study of the economic potential of the CPR. I have talked to Sec. Daley and key people at the White House, HHS, VA and the private sector and I believe they would support a study if privacy concerns are taken fully into account. The goal would be to release a study next year, backed up with recommendations to encourage medical computerization based on the CPR.

Second, ask the VA to set up an "extension program" on the CPR at 10 or 12 VA sites. The program would organize events at the sites to show off the VA's computerized records system, explain how it has improved veterans' care, demonstrate its potential for modernizing medicine and reducing costs, and point out that it operates under the strictures of the Federal Privacy Act. (I took 35 people from the HIPAA TF on Privacy to see the VA system on July 8, and it blew their socks off.)

I believe you and the VP should take these two steps because the CPR is the foundation for a modern "vision" for health care that Medicare Reform and the Patients' Bill of Rights do not convey. Backing from you and the VP for the CPR (in the balanced context I am recommending here) could have great appeal to veterans, active duty military (who along with the Indian Health Service are linking up with VA system), IT and software developers, businesses that pay for health insurance, medical organizations, and groups not happy with health care quality or being priced out of the health care market. The vision is absolutely consistent with strong privacy safeguards that HHS is developing pursuant to the HIPAA.

I hope you will 1) ask the three agencies to do this study, 2) push the "extension" idea at VA, and 3) arrange to exchange ideas with me about strategy in this area, which I have thought about a lot.

More Background on the CPR:

- The Computerized Patient Record puts the patient's information in front of the doctor on his computer screen. The doctor keys in his coded signature and then can see the patient's current problems and recent admissions. He sees medications being taken with warnings of interactions and allergies, test results, notes from all medical encounters, etc. Records don't get lost. Newer versions incorporate screen images of MRIs, EKGs, and a dozen other medical imaging devises. Medicines and procedures are ordered through the computer, avoiding mistakes and allowing verification and follow-up. Updated protocols ("best practices") and alerts are incorporated, e.g. flu shots are due, eye exam recommended, new drugs, treatments. The CPR is the data source for "evidence-based medicine."

- Money saving from the CPR come from improved communications between doctors, fewer mistakes, eliminating redundant tests and procedures, and much cheaper research. Other even bigger savings may come because better information will change the way we pay for health care from payments for procedures to payment for outcomes. The health care market doesn't work well now because it is hard for payers and patients to compare hospitals, HMO's, individual doctors, and treatment regimens. The CPR eventually will make such comparisons possible.

- The VA has the biggest and one of the best systems covering over 100 hospitals and several hundred clinics. There also are good private CPRs at Columbia Presbyterian (NYC), Northwestern Memorial (IL), Regenstrief Institute (Ind), Beth Israel/Brigham/Women's (MA), Intermountain Health Care (UT), Kaiser-Permanente NW, and other places. Software is being improved rapidly.

- The Institute of Medicine called the CPR "an essential technology for health care" in 1991, and in 1997 lamented the failure of the government to play a strong role in promoting it. Four or 5 business groups have been formed to try to measure quality in health care and to lower costs, but the government has given them little support or encouragement, limiting its involvement to regulation and research. As a result, IT spending in health care is low --- 2 percent of revenues vs. 6 percent in other industries --- and little of it is in clinical IT where experts agree the big savings are.

- The UK under PM Blair is spending L 6 billion to computerize all NHS patient records. Dutch doctors are all "networked." France, Germany, Italy and Spain are moving to smart cards, which are identifiers that can be linked to a CPR on another card, a server, or more likely both. Despite our problems, much of the software is U.S.

- Privacy can be assured. The recent GAO study that looks principally at electronic billing records sent to Medicare not clinical records, reportedly shows only 7 actual privacy complaints over four years and approximately 3.6 billion claims filed. And this privacy record can be improved.

- Present paper health care records are difficult to use, easily lost or stolen, copied prolifically, and misused but their unwieldiness gives them an apparent advantage. The CPR, many believe, would be easier to control and keep private. The VA operates under the Federal Privacy Act. Access to VA health records is limited to authorized medical personnel and all access is recorded. Internal fire walls to protect especially sensitive information and limit access to "need to know" are being put in place. The private CPR systems also have excellent privacy records and the example of other industries where privacy is a concern are good and improving.

- In summary, the CPR is the empirical cornerstone of a long-term plan to improve health care quality and lower its cost. A study of its potential and a modest effort to "demonstrate" it at VA facilities are certainly warranted.