

PERSPECTIVE

Health Care Transformation And CEO Accountability

America's CEO and the nation's corporate CEOs must work together to create an accountable health system with the patient at the center.

by **Craig Barrett and Peter V. Lee**

ABSTRACT: Unless President-elect Barack Obama—America's CEO—and the CEOs who run large businesses work together, health care changes will not occur. The government and private sector must abandon business as usual to reduce costs, reward outcomes, and stimulate innovative ways to achieve those outcomes. President-elect Obama will find a willing partner in corporate America if he reaches out in ways that recognize that solutions must put the patient at the center of our health care system and also drive efficiencies to allow U.S. companies to compete globally. It is past time for the nation's elected and appointed CEOs to take action to transform U.S. health care. [*Health Affairs* 28, no. 2 (2009): w177–w179 (published online 16 January 2009; 10.1377/hlthaff.28.2.w177)]

CHANGE IS IN THE AIR, but for change in health care to be meaningful, it needs to be rooted in the realities facing U.S. businesses and consumers. Unless President-elect Barack Obama, America's chief executive officer (CEO), and the CEOs who run large businesses work together to address these realities, change will be for the worse.

The Realities

■ **Ineffective, costly system.** The first reality is that we have an ineffective health care system that costs too much. It is delivering care that is inconsistent and too often of poor quality, leaving millions of Americans uninsured. Instead of solving the underlying systemic problems, every player in our health care system is intent on shifting costs, not reducing them. Health reform discussions rarely include

reducing costs or moving toward a more patient-centered system. Sadly, much of the debate in health care never moves beyond the question of “who pays?” Simply put, we all pay. Squeezing the proverbial balloon of health costs in one place, only to see it expand in another, is not addressing the problem. It seems that nobody in health care minds the answers, as long as we don't ask the right question: how to reduce the high costs of care while making sure the system is truly patient-centered.

The high cost of care is an important part of putting American business at a competitive disadvantage. At Intel, the “fully loaded” cost—that is, the total compensation paid for wages and benefits—to employ an engineer working for Intel in the developing world equals the total cost of health care for an average U.S. family. Many U.S. workers have seen

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Craig Barrett is chairman of the board of the Intel Corporation in Santa Clara, California. Peter Lee (plee@pbgh.org) is executive director for national health policy at the Pacific Business Group on Health in San Francisco, California.

most of their total compensation gains lately come in the form of higher health outlays. The fact that they might prefer higher wages, and that they're getting inadequate value for those health outlays, is a problem for them. The fact that these outlays keep rising is a problem for all of us: we can keep shaving wages, reduce the ranks of those employed in the United States and send more jobs overseas, or keep trying to sell products that are more weighted down with health care expenses than is the case in any other country. None of these are good options.

■ **Outdated models.** The second reality is that the health care system is too often based on delivery models that have been virtually unchanged over the past eighty years—and payment models that are even older. In most cases, we pay for care as we did in 1920: we pay for face-to-face care on a per “unit” basis. The vast majority of payments from both public and private payers reward volume, rework, and care of uncertain value. We badly need new ways of paying providers based on better measures of who is doing the job right.

■ **Too much preventable disease.** The third reality is that the United States has an epidemic of preventable disease that demands a change from “sickness” care to care designed to maintain and extend health. Good health is in large part about diet, exercise, accountability, and lifestyles—all of which can and should be steered by public policies that foster better eating options, opportunities for all ages to exercise, and lifestyles that are healthy.

What Corporate America Needs To Do

The sad truth is that America's business leadership has not done all it can to bring to bear its expertise on solving these problems. For too long, employers have tolerated poor care; done little to control costs; and placed avoiding disruption for employees ahead of any concerted commitment to improvement and efficiency. CEOs must now be accountable for how they engage with government as part of the solution to our health care woes. The right path forward must now involve govern-

ment and the private sector working together to achieve one preeminent goal: making sure the two trillion dollars we spend each year buys everyone high-quality health care.

At the same time that corporate America fully engages with the health reform effort, President-elect Obama would do well to speak the language of CEOs. Innovation has always been at the core of successful U.S. companies. Both government and the health care system should take advantage of the same sorts of innovations that the private sector has fostered, to change the underlying reality of health care in critical ways.

■ **Delivery system reform.** Innovation of the sort that large U.S. companies specialize in can help reengineer the health delivery system. Nobody asked who would help pay FedEx, Amazon.com, or E*trade to revolutionize package tracking, Internet shopping, or online trading. These companies innovated because they were driven by a business imperative to beat the competition and benefit the consumer. We need health care to do the same.

The needed redesign of health care will come about when consumers and those wielding purchasing power on their behalf demand the convenience, quality, and value we've come to expect in virtually every other part of the economy. Intel has worked with other large U.S. employers to promote Dossia, an independent system of personal health records that helps employees collect and better manage their health information. Some employers are working with their health plans to reimburse for telephone or e-visits—just one component of twenty-first-century health care at lower cost. Intel has also teamed with Cisco in Silicon Valley to work with large physician organizations to accelerate their use of electronic health records and other technology.

■ **Payment reform.** Large employers and other private purchasers need to build on the past decade's experience to demand value from health plans and providers. In California, the Pacific Business Group on Health (PBGH) and its members have supported one of the nation's largest and longest-lasting pay-for-performance (P4P) programs: the Integrated

