

Mark Masselli: This is Conversations on Health Care. I am Mark Masselli.

Margaret Flinter: And I am Margaret Flinter.

Mark Masselli: Margaret, this week brought some interesting news on the innovation front. We have been strong champions of the need to focus on health care delivery, not just health insurance throughout this long year of health reform and we are seeing some of that happen. Dartmouth College just announced the creation of the new Dartmouth Center for Health Delivery Science dedicated to the science of health care delivery.

Margaret Flinter: Well Dartmouth has been in the health care news this year quite a bit that New Yorker article by Dr. Atul Gawande focused the nation's attention on geographic disparities and cost without any association with quality and that work results from the Dartmouth Atlas Project which is part of Dartmouth Institute of Health Policy and Clinical Practice. Now their are new center for that health care delivery science seems to make Northern New Hampshire and handover something of an epicenter for health care what do you say.

Mark Masselli: It certainly does. Two things really stood out for me; one was the bipartisan support the center had. It seemed to demonstrate again that good ideas will often trump partisan politics. Republican Senator Gregg Judd opposed the health reform legislation. That has been a big support of the News Center. The second is the statement by Dartmouth President Dr. Kim that they hope to make the State of New Hampshire a pilot state of innovation. We have been saying for years that America has 50 laboratories called states and that's where innovation can best be done.

Margaret Flinter: And you know Mark, Dr. Kim has a tremendous background in both health care delivery and innovation and in education. I bet we will want to have him on our show one day. I thought one thing he said really got to the heart of the issue. A law of schools teach health policy but they don't really teach the complexity of what it takes to actually build effective functioning health care delivery systems.

Mark Masselli: As the interesting message is to focus on delivery systems we are going to put our attention on the health insurance industry this week. In recent weeks we are seeing Congress and HHS try to steer the industry towards reform even in an advance of the implementation of Health Reform Legislation one of the country's oldest and largest insurers is Aetna and the company's es President Mark Bertolini joins us today to talk about the role Aetna played in the health reform discussions as it evolved and how to respond to the challenges of increased transparency, accountability and cost containment. We are happy he can join us today.

Margaret Flinter: And an unrelated note, let us wish the University of Connecticut National Champion Women's Basketball Team a hearty congratulations. They were at the White House this week to meet with President Obama and we understand the planned pickup game of basketball sadly was canceled due to rain but we will send our congratulations.

Mark Masselli: We do go huskies and I am sure they will be back next year. No matter what the story, you can hear all of our shows on our website Chcradio.com. You can subscribe to iTunes to get our show regularly downloaded or if you'd like to hang on to our every word and read a transcript of one of our shows, come visit us at Chcradio.com.

Margaret Flinter: And as always, if you have feedback, email us at Chcradio.com, we would love to hear from you. Now, before we speak with Mark Bertolini, let's check in with our producer Loren Bonner with the headline news.

Loren Bonner: I am Loren Bonner with this week's headline news. The Obama Administration has moved quickly to jumpstart a key initiative under health reform encouraging more small businesses to provide health insurance coverage for their workers. In hopes of doing that the administration announced that it has send government post cards to eligible small businesses across the country letting them know about the tax credits. To qualify the IRS said companies must pay at least 50% of their workers premiums have fewer than 25 employees and paying average salary of less than \$50,000 a year for each employee. Rising health care costs have been the biggest concern for small businesses for decades. And many firms are particularly worried about the impact of new finds under the legislation that failed to provide their workers with coverage. The number of firms eligible for new tax credits is still unclear. Although the administration is saying it could be up to four million businesses. The White House and First Lady Michelle Obama were back in the news for their campaign against obesity. The White House taskforce on childhood obesity released its report to the President titled Solving the Problem of Childhood Obesity Within a Generation, which details recommendations for actions. The campaign is also gaining important support in the form of an agreement between the partnership for healthier America, a group formed by a number of the nation's leading foundations and the Healthy Weight Commitment Foundation a group formed by more than 80 of the nation's largest retailers. To solve the obesity problem within a generation the plan has 70 recommendations in five areas. Early childhood, empowering parents and care givers, healthy foods in schools, access to affordable healthy food and more physical activity. 16 of the private corporations that are part of the Healthy Weight Commitment Foundation pledged to cut 1.5 trillion calories from the food they sell by the end of 2015 and 1 trillion calories by 2012 by changing recipes, reducing portion sizes and other strategies. Melody Barnes the White House domestic policy advisor, who submitted the report to the President, said the critical goal was getting everyone on board.

Melody Barnes: The federal government can't do this alone, that we have to work together with the private sector, with the philanthropic sector, with parents, with community advocates, with absolutely everyone who has a stake in ensuring the children are leading healthy and balanced lives.

Loren Bonner: To ensure that the Healthy Weight Commitment Foundation stands by this pledge the partnership will monitor progress on an annual basis and the Robert Wood Johnson Foundation will serve as an independent evaluator. This week Conversations on Health Care explores the topic of accountability and transparency in our health care system particularly as it relates to the insurance industry. While health care reform will mandate changes some companies have already started down this road. One small example was Aetna's announcement in 2005 that it would be the first health insurance company to provide consumers with online access to rates for doctor visits, a missing piece of the consumer health care decision making process. The department of health and human services has also been pushing for more data and price transparency through the open government initiative, HHS is making vast stores of data available to the public. Todd Park – Chief Technology Officer at HHS says this shift to a more open government is essential to meeting all of the challenges HHS is taking on in transforming the health care system.

Todd Park: I can't imagine doing any of those things without assembling information to public, you know without actually engaging citizens from all walks of life and the great challenges either they present, without collaborating with academia and businesses and not-for-profits and folks from all over. I think that transparency which is patient collaboration are essential to how our American government should work in 21st century to improve the health and wellbeing of American people.

Loren Bonner: For instance the new interactive center for Medicare and Medicaid dashboard allows the public access to analyze Medicare spending and the latest effort is being called the community health data initiative. It's an ongoing collaboration among the public as well as government and non-government partners with the goal of establishing and utilizing a trove of community health data. Its purpose is to help Americans understand health and the performance of the health care system in their communities, thereby sparking action to improve it. Park says it's exciting to contemplate citizens joining arm and arm to try and better the health of their community.

Todd Park: We have got a lot of data that actually articulates how we are doing, as a country, as states, as counties to inspect measures like obesity, smoking, respective determinants of health and wellbeing like access to healthy food etc. And so what we actually are going to do is just very simply take all that data, make sure that it doesn't compromise individual privacy and release it in a structured standardize form that is free of charge to reach to the public and what we are then doing is actually in fact we are trying to market that data for not-for-

profits and companies and research organizations etc to take that data and turn it into super cool applications and mash-ups and programs that could help citizens gain a better understanding of community health to help put pressure on decision makers and to help facilitate improved performance.

Loren Bonner: The amount of time it will take to begin using the data in a useful, meaningful way is still to be determined. To get the ball rolling, The Sunlight Foundation and Education organization that increases transparency and congress recently launched the Design for America competition which will give \$5,000 to someone who comes up with the best visualization of community health data. Let's listen out to the interview with Mark Bertolini – President of Aetna to learn more about how his company and the private insurance industry is responding to the challenges and opportunities created by National Health Reform Legislation.

Mark Masselli: This is Conversations on Health Care, today we are speaking with Mark Bertolini – President of Aetna one of the nation's leading insurance companies, welcome Mark. Aetna has rebuilt its reputation as a health insurer in recent years by focusing on working with providers across the country to control cost and improve quality. You work closely with physicians to do that but also develop disease management programs and wellness programs what are some of the programs at Aetna that are aimed at incentivizing wellness and prevention as well as quality and efficiency in healthcare and as you look down the road there is something beyond pay for performance that we can look for.

Mark Bertolini: I think what you are going to find is creating incentives for both consumers and providers to have a conversation. Because most importantly and I think the Americas inherently are shoppers, most importantly when the information is available for both consumers and providers to have a conversation they can have a very full conversation about both the quality and the cost of the services they are buying. And today we don't have that as readily available that transparency and I think what we hope to in gender is the level of understanding and conversation between the physician and the consumer about how they ought to think about the appropriate use of health care services.

Margaret Flinter: Mark over the past year to Aetna promoted its 10 principles for health reform, these principles included the individual mandate to have insurance also tax credits for businesses expanding, public insurance eligibility and that real focus on prevention of wellness, so when you look at the final legislation and compare it to the Aetna principles where do you see in alignment and where do you think it differs from what you had hope to see.

Mark Bertolini: So I think it's a great start. Access is the most important thing and we did get an individual coverage requirement and we did get a tax credit for small employers as a way to help them get coverage. What we are concerned about is that we think the individual coverage requirement penalty isn't significant

enough to create economic indifference between having insurance or not having insurance. So there is some danger there and people going in and out the system, when they get sick to buy insurance because it will be a guarantee to issue environment. That means they will be able to get health care insurance when they want it. And probably more importantly is that the 10 points we have and they also talked a lot about the affordability of health care. So access is indeed the first and foremost important issue to address but we very quickly need to move on to affordability. Because underlying the rise in the insurance premiums over the last decade having to rise in the underlying cost of health care.

Mark Masselli: This is sort of very interesting period for insurance industries and we are seeing pressure from the Department of Health and Human Services towards insurance companies to justify rate increases and to establish minimum claim or lost ratios. How will these and other plan regulations affect your industry and what might both consumers and providers see in changes as a result?

Mark Bertolini: Well, I think again we are to going see greater transparency, right so if we have you know rate reviews I think you will see greater transparency, greater awareness on the part of consumers you should know that every rate we file with every insurance department we have a conversation between their actuary and our actuary. So that's been an ongoing review that we have always done as a matter of course of business so better this is politics at play more than really good policy.

Mark Masselli: Do you think this will dissipate in terms of HHS's review and you will still work with the states or do you think HHS is permanently embedded now in your rate review process?

Mark Bertolini: No, I think it's always going to be states. I am not quite sure what HHS will really be able to do around rate when the states really handle the rate filings and the rate approvals. So we are you know we are very focused on the state side and I had been talking with all the insurance commissioners over the last week about you know MLR minimum MLR how do we get it done right. I think the focus is now quickly moving away from identifying the insurance industry and getting a reform build on talking how do we actually make it work.

Margaret Flinter: So Mark, one of us speaking of Conversations one of the kind of painful conversations we watched unfold on C-Span was grilling of an executive I think it was of Anthem Gov from one of the congressional committees on the subject of both rate hikes and executive compensation. But the reality of any publicly traded company is that it has this primary responsibility to return value to the shareholders both in short-term and in long-term value and this is a point that the single payer community certainly made over and over early on in the health reform debates. How does Aetna ask the public to reconcile this obligation of returning profits to shareholders with the demand at the same time

for more affordable premiums and more extensive coverage of benefits and services?

Mark Bertolini: That's a great question. I love that question because we do not give our profits to our shareholders and that's one of the greatest misunderstandings that occurs in every bit of this conversation about not-for-profit and for-profit. The only difference between a not-for-profit and for-profit is that we pay tax. Every for-profit and every not-for-profit take its earnings and reinvests them in their business. Our shareholders make money by trading shares between the shareholders. But that value of the share is largely determined by how we reinvest our earnings in growing the business and making the business more valuable. So I am not taking my profit dollars and writing a check out to my shareholders every year. They are trading between one another and if you talk to any good not-for-profit organization talk to the Ascension Health System the largest not-for-profit health company in the world and they will tell you if you don't generate a sufficient margin to reinvest in your business you cannot survive over the long haul.

Mark Masselli: I think it's the Sisters of Charity. You said if there is no margin there is no mission.

Mark Bertolini: That's the Daughters of Charity.

Mark Masselli: Daughters of charity yes.

Mark Bertolini: They have 10% operating margin.

Mark Masselli: Yeah.

Mark Bertolini: I kill for that.

Mark Masselli: There is an enormous attention to the Dartmouth Atlas of Health Care Study showing a disconnect between health care expenses in the quality and variations by geographic region. As a national company with access to tremendous data and capability for analysis you mentioned earlier we are a country of shoppers but how is your company and the industry as a whole using this data to advance both quality and health care cost containment?

Mark Bertolini: First of all, understanding what the data really means is very important you know for example in San Francisco, a routine colonoscopy can cost anywhere between \$1250 and \$7300. Why? I can't quite describe why and so part of it is just knowing. The second part then is to say where does quality really, really matter and how differentiated is that quality between providers that substantiates the reason why they can charge higher rates. And so while one institution maybe the best transplant institution in any geography or region it doesn't mean that their lab rates and their x-ray rates should be the highest rates

in community as well. And so as we go forward our intent is to show these differences to consumers. We just launched the new tool called the Member Payment Estimator that allows our members to go online, put in their doctor, put in their institution, put in their procedure and get the charge of that institution or that whole procedure will cost, get what we will get reimbursed to the provider and see their own out of pocket expenses because we real-time adjudicate their claim against their current file including their current out-of-pocket and deductible expense. That then allows us to put together benefit plans that cause people to go look at that and say okay it's important for me to understand this before I go so I understand what my out-of-pocket expenses are.

Margaret Flinter: So a new era of transparency which we welcome, and a question for you Mark the principles of the Patient-Centered Medical Home that's really taken quite a center stage as a strategy to improve health outcomes and control cost. Aetna has been a significant player in states like Pennsylvania, excuse me, they have worked on system redesigns that help the practices transform and do a better job of managing chronic diseases. In your opinion, passing fad or do you see a real long-term gain to the Patient-Centered Medical Home as an approach that might deliver on better outcomes and lower costs.

Mark Bertolini: I think it's a necessary experiment at this time to understand how we best meet the needs of an ever growing demand for physicians and physician like services. So if you think it's difficult in a major metropolitan area to get a primary care visit today, wait till we put 32 million more people under the system. And so I think the issue is not necessarily how do I get access to a doctor but how do I get access to services. And the Patient-Centered Medical Home is a concept broader than the doctor. It includes the scope of practice that goes beyond the physician, includes Clinical Nurse Practitioners, Physician Assistants and other ancillary providers that allow for the system to take better care of people and get them better access so they don't end-up in the emergency room or they don't wait too long. And I think that the step beyond the Patient-Centered Medical Home will be accountable care organizations which will be the broader concept of the physician's role in the broader health care delivery infrastructure.

Mark Masselli: Today, we have been speaking with Mark Bertolini – President of Aetna. As you mentioned an analyst agreed with you that the health reform legislation represents a boom for private insurers certainly for their recipients of coverage there is an expectation of a flood of new customers driven by both the individual mandate, the availability of insurance for people previously denied coverage due to preexisting conditions and what's Aetna doing in terms of the development of primary care providers across the country? I know you are not a provider of care but you are concerned about it, you mentioned it earlier there may not be access because we don't have enough primary care physicians out there.

Mark Bertolini: Well, I think we need to change the way the system gets paid in order to encourage the development of more primary care physicians. But I will tell you we congratulate every medical school class for the next decade and not have enough even primary care physicians. So we are going to have to look at scope of practice in a broader set of health care providers in order to get people appropriate access to care over the next decade.

Mark Masselli: Do you have a plan on that? You know obviously there are PAs and APRNs who are engaged in full scope of coverage are you thinking RNs where are you drawing the line in terms of the changes that might be out there?

Mark Bertolini: Well, in some states, you can have the old pharmacists prescribe medication and so should we look at the scope of practice laws in each state and based on capacity expand those scope of practice wherever we can. So it would be our intent to think about how we can support that. In addition, again, how people get paid as an impact on what they choose as a specialty when they come out of medical school and so we have to really struggle with and wrestle for the ground this difficult issue of how we pay for services.

Margaret Flinter: Mark, a question we would like to ask our guests as you look around the country and the world what do you see in terms of innovation that excites you and who should our listeners at Conversations be keeping an eye on?

Mark Bertolini: Well, I think the whole development of social media is an incredible opportunity for us. I know a lot of people are afraid of it. I actually use Twitter and all those services and I think there is a real opportunity to take those new technologies to create communities of individuals who can communicate with one another about how to be well and how to feel better. And so instead of pushing brochures or having nurses call people, create communities or individuals with injuries or with chronic illnesses can get together and talking about what works for them and so I think social media is an incredibly positive development. We are also very actively involved in the whole Mobile App Technology and how that's moving ahead. It's amazing how quickly that's evolving in health care. And if you think about how you interact with the rest of the world I can get my stuff from drugstore.com delivered to my home and I can follow the package everyday along its journey and it's kind of fun to watch. You get the tracking thing you can see when your package to your house. Today we can move an echocardiogram from one physician to another or from one household into another and it seems like the technology is not the issue it's really the behavior of the people using the technology. So getting technology advances I think are going to be incredible innovations in the health care industry. They are going to make things a lot easier for people in the future and getting access to care and getting the best quality care most importantly.

Mark Masselli: Today, we had been speaking with Mark Bertolini – President of Aetna, thank you so much for joining us today.

Mark Bertolini: Thanks, great to be with you.

Mark Masselli: Each week, Conversations highlights a bright idea about how to make wellness a part of our communities into everyday lives. This week's bright idea focuses on a new online system that's transforming the way medical schools, hospitals prepare doctors and nurses for real life emergencies. The system is called Second Life. It's an online program that runs simulation trainings for nearly every medical emergency imaginable. Here is how hospitals designed virtual replicas of their real life facilities so they can practice handling emergencies in places that they work on a daily basis. Participants interact in this virtual world via video game personas known as Avatars. They respond to emergencies everything from heart attacks to influenza outbreaks just as they would in real life. But the virtual setting allows them to make mistakes and learn from them without the real world consequences. Instructors have extensive control over the simulations so they can really test the participants. They can completely control the Patient Avatars and can also toy with externals such as weather to cause additional problems like power outages. Second Life's creators believe the program is particularly well-suited for this generation of health professionals many of whom have been computer savvy gamers since adolescence. Second Life provides students with a much more comprehensive and realistic training experience by improving their performance or perspective in current physicians and increasing the efficiency of hospitals where they work. Second Life is transforming the way schools and hospitals approach training and quality control. Now that's a bright idea.

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Margaret Flinter: This is Conversations on Health Care, I am Margaret Flinter.

Mark Masselli: And I am Mark Masselli, peace and health.

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