

# Curing the Cost Epidemic

How hospitals can help patients manage chronic conditions with automated CRM systems

## Executive Summary

One thing is clear in the wake of health care legislation in the United States: hospitals and other health care providers are taking proactive steps to control spiraling costs. One area that should not be overlooked is the high cost of treating patients with chronic diseases.

Chronic disease is the biggest contributor to health care costs. Of the estimated \$2.5 trillion that Americans spend on health care every year, an astonishing \$1.8 trillion goes to conditions that require ongoing treatment and management, such as heart disease, diabetes and asthma.

Because most chronic conditions are linked to lifestyle behaviors, it's possible to control costs by involving patients more closely in managing their disorders. Information technology solutions are emerging to address this opportunity, and they provide a cost-effective and efficient, yet personalized method of keeping patients focused on good health outcomes. With the goal of reducing the number of hospital admissions and readmissions for people with chronic illnesses, hospitals can operate more profitably while they also maintain quality care standards and improve patients' health.

This white paper reviews current trends and statistics related to the costs of chronic health conditions, how these costs are impacting hospitals, and how hospitals can use technology to help patients change lifestyle behaviors to lower readmission rates and reduce uncompensated care costs.

## What Is a Chronic Illness?

Chronic illnesses are recurring or long-lasting, generally incurable, and often preventable diseases or conditions which require ongoing medical attention and affect the patient's daily life. The best possible management of chronic illness combines high-quality clinician care, patient self-care, and help from family members and other informal caregivers.<sup>1</sup>

Chronic illnesses affect nearly 45 percent of the U.S. population<sup>2</sup>. They are some of the most common, costly, and widespread diseases in the country, and include arthritis, asthma, cancer, cardiovascular (heart) disease, depression, diabetes, stroke, obesity, respiratory diseases and oral conditions.<sup>1,3</sup> These diseases are responsible for premature deaths, lifelong disability, decreased quality of life and high health care costs.

Patients and providers must face the stark reality that chronic diseases:

- Cause more than 1.7 million, or 70 percent, of deaths every year<sup>2</sup>
- Account for one-third of the years of potential life lost before age 65<sup>4</sup>
- Affect people who are the most frequent users of health care in the U.S.<sup>2</sup>

## Living Longer with Chronic Illness

Because of advances in medicine and technology people are now able to live longer lives. Unfortunately, a frequent trade-off is living with an unwelcome companion – at least one chronic illness. More than half of older adults have more than one ongoing condition, and 11 million endure five or more.<sup>1</sup>

Ultimately, optimal health is an individual responsibility. It's up to each of us to take charge of our daily decisions about diet, exercise, healthy behaviors and medications, but behavior change is inherently difficult even when serious health outcomes are at stake.

Studies show that people are most likely to make needed changes when supported by their health care providers. Too many of us respond only to our doctors' gently coercive advice and orders to begin making different choices. Because patients' daily activities are so critical to successful health outcomes, health care providers must reshape their own thinking, behaviors, and delivery systems to support increased adoption of healthy behaviors.<sup>5</sup>

### The Cost of Chronic Diseases

Aside from decreasing life expectancy rates by as much as 20 years, chronic diseases place serious time and financial burdens on families, hospitals and the government. The Partnership to Fight Chronic Disease (PFCD) reports that the annual cost to provide care for patients with one or more chronic conditions is \$1.65 trillion<sup>6</sup>, a sum that exceeds the U.S. national deficit.

Chronic diseases force people to use a substantially higher proportion of health care resources. More than 75 percent of our healthcare spending is on people with chronic conditions, with prostate and breast cancer, heart disease, diabetes and obesity at the heart of the spending pandemic. Overall, our health care system absorbs \$2.5 trillion, or 16.5 percent of our Gross Domestic Product (GDP). Yet half of our nation is ill.

#### The Chronic Disease Price Tag – Estimated Annual Direct Medical Expenditures<sup>2\*</sup>

Cardiovascular Disease and Stroke**	\$313 billion in 2009**
Diabetes	\$116 billion in 2007
Smoking	\$96 billion in 2004***
Cancer	\$89 billion in 2007
Arthritis	\$81 billion in 2003
Obesity	\$61 billion in 2000

\* Different methodologies were used in calculating cost.

\*\* Combines heart diseases, coronary heart diseases, stroke, hypertensive disease, and heart failure.

\*\*\* Average annual expenditure, 2001 – 2004

### Projected Future Impact of Chronic Disease

Chronic disease will increase dramatically in the next 20 years if the U.S. continues on its current prevention and management trajectory. By 2025 these conditions could affect an estimated 164 million Americans or 49 percent of the population.<sup>7</sup>

In a ground-breaking study released by the Milken Institute in October 2007, results showed that the cost of chronic diseases could rise to nearly \$6 trillion by the mid-century mark.<sup>8</sup> Another institute report put a more positive spin on the dilemma. Results indicated that with reasonable improvements in Americans' chronic disease prevention and management, by 2023 we could avoid more than 40 million cases and reduce the economic impact by 1.1 trillion.<sup>9</sup> Proper management and prevention of these diseases is going to be based largely on patient education, coordination of care, and all parties being willing and open to change.

#### Chronic illnesses generally account for:

- 81% of hospital admissions
- 91% of all prescriptions filled
- 76% of all physician visits<sup>2</sup>

### How Chronic Diseases Affect Your Hospital – Both Now and in the Future

At any given time a chronic disease patient may have to employ the efforts of a number of different doctors and trained caregivers. Or they may have questions about their disease, medications, or related concerns. And possibly, in the event of a health crisis, they may have to use the resources available in an emergency department.

Questions arise about the division of responsibilities among the patient, the doctors and nurses, and the emergency department for providing timely, accurate information and proper care. And insurance coverage may be a factor. Each of these different issues can impact a hospital's bottom line in many different ways.

The Emergency Medical Treatment and Labor Act (EMTALA) guarantees that any patient entering an emergency department, regardless of their insurance status or ability to pay, must

receive a medical screening exam and be stabilized. Some patients take advantage of this law by turning to repeat hospitalizations or re-hospitalizations as a primary care substitute. A substantial majority of hospitals are reporting an increasing portion of patients in the emergency department without insurance and greater rates of uncompensated care.

**In 2008, nearly 46 million Americans were uninsured.<sup>10</sup>**

**Several trials, including Mutual of Omaha and Highmark Blue Cross Blue Shield, showed that comprehensive lifestyle programs result in up to 50% reductions in medical costs<sup>11</sup>**

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The existing system forces hospitals and physicians to shoulder these financial burdens. Although Medicare and Medicaid pay a portion of the costs incurred, 55 percent of emergency care goes uncompensated. For these reasons, the government is placing wellness initiatives on the forefront of legislation. Healthcare reform enacted in 2010 and other laws under consideration put the concept of re-hospitalization in the spotlight. The objective is to place the responsibility of the health and maintenance of patient care directly in the hands of the hospital, physicians, and finally, the patient.

### Using Technology to Successfully Implement a Chronic Disease Management Program

To reduce readmission rates and uncompensated care, the most important action hospitals can take is to focus on their patients with chronic disease. These patients need education, monitoring, follow-up and support in order to manage their chronic conditions and reduce their dependence on the emergency department and hospital to treat their symptoms.

Developing a system to simplify these processes can seem daunting to an already stretched hospital staff, and adding more staff is a pricey option. The time involved just to create a proprietary system to monitor and support patients is considerable. Hospital IT staff would need to develop tracking systems and keep them updated and viable.

A technology-based solution from an outside partner is an alternative which can provide the needed services at a low cost per patient. Systems based on customer relationship management (CRM) solutions have been used successfully for years by organizations in many different vertical industries, and a similar model can be used very effectively for the management of patients with chronic disease.

A well customized system provides cost-efficiency to hospitals through:

- Automated tracking and monitoring of patients using individual protocols
- Automated work queue management with automatic alerts
- Predictive analytics and reporting
- Pre-packaged protocols
- Integration with other business clinical systems and electronic medical record (EMR) packages
- Simple end-user interface using calendaring tools
- Hosted or on-premise deployment options
- Health Insurance Portability and Accountability Act (HIPAA) compliance

Part of the cost-efficiency gain stems from time savings realized by hospital staff. Automated processes reduce administrative tasks and labor while they allow quicker, more efficient patient support.

Capabilities of such a system engage patients in self-help best practices through:

- **Automated phone, email and text messages** with reminders and survey questions about taking medications, monitoring blood pressure and weight, eating healthy and other important activities. The system can also be used to share lifestyle tips, as well as notify patients about upcoming educational lectures and support group meetings that would be relevant to their health condition.
- **Automated voice response (AVR) system** that patients can call with questions about their condition
- **A self-service portal on the hospital web site** that allows patients to regularly enter their personal data to be tracked, such as blood pressure, blood sugar level, weight, weekly exercise frequency, calories consumed and other key metrics
- **Online chat options** that establish convenient support communities by connecting patients to each other and medical professionals who can offer advice. Although there's a wealth of publicly available information, the healthiest guidance often comes from patients' professional caregivers.

CRM-based systems offer provider-initiated options for managing conditions that are specially selected to improve patients' quality of care. The key to a successful program is to create a support system that reaches people in multiple ways. Email, text messages and phone calls prompt patients to proactively connect with an expanded – and qualified – support network. Active support is a good motivator when it comes to behavior change, and most people find that being monitored and asked to report their progress helps them stay focused on their goals.

The result of a CRM-based support system is improved hospital experiences for patients and increased loyalty. Another potential outcome that serves the best interests of all stakeholders – patients, physicians and other providers – is fewer hospital visits. Patients who receive education, monitoring, follow-up and support are trained to be proactive, so they're often better able to manage their chronic conditions and reduce their dependence on the emergency department and the hospital to treat their symptoms. Several trials have shown that comprehensive lifestyle programs

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result in up to 50% reductions in medical costs.<sup>11</sup> Lower hospital readmission rates, which can decrease out-of-pocket expenses for patients who are able to pay, also contribute to savings for health care providers through a reduction in uncompensated care.

## Conclusion

Hospital executives must consider their options. They may wait to see how much and how soon health care legislation will benefit their situation, or they may pioneer a new method of action and start moving their practices towards positive growth and development, and improved cost-efficiency. Either way, change is already occurring.

We are a resilient nation. And technology is a powerful ally in the long struggle to help Americans successfully manage their chronic diseases. Now is the time for the medical community to embrace wellness monitoring tools that can help change lives for the better, and at the same time, allow our health care system to thrive and prosper while minimizing costs to the public.

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