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Area was once a health care star

Patti Singer
Staff writer

The last time health care reform swept the country, Rochester was seen as a leading light.

In the early 1990s, President Clinton lauded the region's low cost, which was about 35 percent below the national average. Access to that economical care resulted in 84 percent of residents reporting in a survey that they were somewhat or very satisfied with the services they received, compared with 71 percent nationally.

"We were a beacon on the hill," said Paul Speranza, who holds a volunteer leadership position with the Rochester Business Alliance's Health Care Planning Team and is vice chairman, general counsel and secretary of Wegmans Food Markets Inc.

But "we fell off the hill."

As President Barack Obama seeks to change health care, Rochester faces its own challenge of rebuilding the collaborative culture that brought its system such praise nearly two decades ago. By working together to reduce the cost and improve the quality of health care in the region, stakeholders argue that the community will be in a better position to face the as-yet-uncertain results of reform efforts.

After seeing competition trump collaboration for several years, Rochester's health care leaders have written a prescription for cooperation that is being filled by initiatives such as sharing electronic medical records, group planning for hospital expansion, and grading themselves on the job they do.

Collaboration among doctors and hospitals allows them to share ideas that can save money and ultimately benefit patients. "It can mean better care and better communication," said Dr. John Genier, an internist in private practice in Fairport.

However, concerns about federal reform proposals affect not just the health sector, which with education is a leading Rochester-area economic engine, but also the broader business community. In the five-county Rochester metropolitan area, 80.5 percent of adults aged 18 to 64 had private insurance, the overwhelming majority of which comes through employers, according to U.S. census data for 2008 released last week.

"All health care is local," said Fran Weisberg, executive director of the Finger Lakes Health Systems Agency, which studies and makes recommendations about regional planning. "Collaboration gets you ready for what will happen and helps effect it. Change is not done to you."

Today's concerns are similar to those of the 1990s. Business leaders and employees worry that double-digit increases in premiums will put insurance out of reach. A study released Sept. 17 by Families USA reported that family premiums in New York state rose 92.3 percent from 2000 to 2009, while income rose 14.4 percent. Other issues that carried over were concerns about whether doctors or insurers would make decisions about care and which direction national reform would take.

What is different now is the focus of reform on how health care will be paid for. Technology and prescription drugs — two factors driving costs higher — played less of a role in the early '90s than they do today. There also wasn't as much of an emphasis on wellness and individual responsibility.

Still, local health care costs remain about 20 percent to 25 percent below the rest of the country, according to Excellus BlueCross BlueShield. The five-county metro area has one of the highest insured rates in the nation, with 90.6 percent of adults aged 18 to 64 with some type of insurance, according to the census.

The reason to look back is the same as the reason to look ahead.

"The way we approached issues 17 years ago is, what can we do as a community to try to control the escalating costs of health care?" said Sandy Parker, president and chief executive officer of the Rochester Business Alliance.

Rochester is small enough that many of the players in the '90s are still in the game. "We knew what it was like to collaborate," said Lisa Brubaker, former director of the Monroe County Medical Society and now executive vice president at MVP Healthcare. "Now we have an appreciation of what we lost, let's get together and get it back."

History lessons

Rochester has been collaborating on health care for nearly a century. Many of the initiatives bubbled up from business leaders, health providers and health insurers. By the 1930s, administrators of local hospitals were meeting regularly and the Community Chest commissioned studies about health care. In 1960, Marion Folsom of Eastman Kodak Co., who had served as U.S. secretary of Health, Education and Welfare, formed a council to plan for Rochester's health care needs, whose current incarnation is the Finger Lakes Health Systems Agency. A few years later, another commission formed to study the needs of the inner city and recommended the formation of neighborhood health centers. That spirit carried into the 1990s, when Rochester boasted costs well below the national average and an insured rate higher than the national average.

But external factors were tugging at the seams of Rochester's collaborative spirit.

The nearly dozen health and business executives interviewed for this story talked about the influence of a global marketplace that pinched Rochester businesses, national legislation that affected reimbursements to hospitals and trends in health care. There were different opinions on which factors were more important, but collectively they triggered a more competitive spirit from the mid-'90s to early in this decade.

Two events from that era stood out, although the executives cautioned that they must be taken in context.

One was a move from community rating, in which premiums are based on the average cost of providing health services to all people in an area, to self-funding, in which an employer takes the financial responsibility of paying claims. The switch allowed companies to have access to claims data that showed how their health care dollars were being spent, and it provided short-term cash flow. Kodak was the first to fund insurance for its employees, but other companies followed.

Kodak spokesman Alan K. Brakoniecki wrote in an e-mail that the company's decision was designed to help it get greater value from its health care investment. "When Kodak moved to self-funding of our Rochester base plan in the late 1990s, market forces were already changing health care in this community (e.g. hospital consolidations, changes in state reimbursements)," he wrote. "Kodak was just one piece of that changing picture."

The move may have unsettled the community's psyche more than it upsets its insurance premiums. It was another sign of change.

The landscape changed again in May 2001 when Genesee Hospital closed. There was, and is, debate over reasons why the hospital shut down, but the impact is still felt.

"I think the closing of Genesee was a critical point," said the RBA's Parker. "Now we have all the hospital systems at overcapacity."

Working together

Years later, the executives looked back and acknowledged that while competition works in many industries, health care isn't one of them.

"Health care is different than having five hamburger joints and may the one with the best burgers win," said Weisberg, executive director of the FLHSA. The consumer doesn't really know the cost of health care and someone else — insurance — is paying the bill.

While there needs to be adequate access, having too much health care isn't always better care, said David Klein, chief executive officer of Excellus BlueCross BlueShield, noting that more care can raise expenses.

An argument could be made that factors that fractured the health community in the 1990s exist now. The difference is the approach taken to find solutions. After individually realizing that the system wasn't working well, hospitals, insurers, planners and businesses started seeking common ground.

"I think increasingly they understood that community interest is self-interest," said Klein.

The issues also may be too complex for one segment of the health industry to handle on its own. Reform may lead to changes in primary care services, hospital admissions, even health education to keep people well. All of that rests on a platform of reimbursements — how doctors and hospitals will be paid. "We have to make sense of all this," said Steven I. Goldstein, president and CEO of Strong Memorial and Highland hospitals. "I don't believe we can make sense of it in a vacuum."

The drive to compete now emphasizes quality and letting patients know the results rather than who had the biggest share of the market.

Hospitals are using their Web sites to report outcomes on many of their services, and the federal Centers for Medicare & Medicaid Services posts data for some procedures.

Tim McCormick, president and CEO of Unity Health System, said that announcing how a hospital is performing sends a message to patients.

"No one I know wants to stand up and say they got an F in English and have it be posted," he said.

The Greater Rochester Independent Practice Association, a physician-hospital partnership between the Rochester General Health System and 650 of its affiliated physicians, is working with about 550 physicians in its network on best practices for certain illnesses. Genier, the internist in private practice in Fairport, said the doctor group wants to use its model as an example of a way to improve care.

"Anything we can do to improve quality will make the whole community better," he said. "But you have to prove it. You have to show people what you can do."

Another way that groups are working to improve care is the Greater Rochester Regional Health Information Organization, which provides authorized medical providers access to a patient's medical record, reducing the risk of error and delay, improving efficiency and saving money. To date, the records of 50,000 individuals can be shared among 140 different health care practices.

A similar idea was floated in the mid-'90s but never materialized. The nonprofit RHIO started in 2006 with more than $6 million in grants and local funding and is an example of the kind of development that the Obama administration is calling for.

"When we started off, we were very careful with each other in board meetings," said Ted Kremer, executive director of the RHIO who has been in Rochester three years. "Now the tone has been much more collegial."

Other cooperative efforts are going on behind the scenes, and their impact may take longer to show up.

For five years, the Rochester Business Alliance has provided an umbrella for seven companies — Bausch & Lomb, Jasco, Kodak, Paychex, Rochester Institute of Technology, Wegmans and Xerox — to address community health issues. "We're trying to understand what might make an impact," said Larry Becker, director of Strategic Partnerships and Alliances for Xerox. The group is tackling the issue of physician pay, and it has brought the Wegmans Eat Well Live Well program to a wider audience and also promoted a generic prescriptions initiative that saved more than $50 million.

The Finger Lakes Health Systems Agency collects data and brings together businesses, insurers, hospitals, doctors, churches, schools and health organizations with the mission of improving quality and access to care and lowering costs. Its 2020 Commission addressed regional hospital expansion and the 2020 Performance Commission is looking at improving the performance of the system so that people get the care they need, when and where they need it.

"Our job is to take measures," said Weisberg. "One measure is lower premiums. If three years out we have not decreased cost and have that reflected in premiums, the HSA should go away."

While several people said that a collaborative atmosphere is as pleasant as it is effective, they agree that it takes more than pulling a few extra chairs up to the table.

"It's hard work to find common language," said Speranza.

PSINGER@DemocratandChronicle.com