

# PETER GELPI

*CEO*

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Dear Governor:

A primary care physician's ability to evaluate and clinically manage the whole patient in a coordinated manner has direct

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positive healthcare consequences. In the treatment of chronic conditions, substantial evidence suggests that "sufficient access to high quality primary care results in lower overall healthcare costs and lower use of higher cost services, averting unnecessary tests, procedures, hospital admissions and other avoidable

complications.”<sup>1</sup> Given that small offices of independent physicians deliver over 70% of outpatient care to the citizens<sup>2</sup> of our state, I believe we must engage and enable these providers in particular. Washington State should support the transition of these providers to a new framework for care delivery that will support patient-focused, longitudinal and coordinated care between primary care, specialists and other ancillary providers.

It is widely accepted that the cornerstone of this delivery model is the “patient-centered medical home,” where primary care clinicians and their staffs take a leadership role with their patients and are paid to coordinate their care. Ironically, this was well recognized in this state over 70 years ago by the founding members of the Group Health Cooperative; primary care should be the point of entry into the system and the pivot point from which to manage and coordinate a patient’s care.

I am writing this letter to encourage you to become more actively involved with the challenges of healthcare delivery within the many independent physician communities of Washington. The last five years I have wrestled with the problem of outpatient healthcare coordination between independent physician practices. Today our company is partnered with the community physicians in the South Sound where we are building the means for coordinating care across a community of 420 independent

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<sup>1</sup> Paul H. Keckley, PhD & Howard R. Underwood, MD, FSA. The Medical Home - Disruptive Innovation for a New Primary Care Model. Deloitte Center for Health Solutions. 2008.

<sup>2</sup> Office of Rural and Community Health, Washington State Department of Health.

physicians and over a half a million lives. This setting is representative of where the majority of outpatient care is delivered in our state and emblematic of what can be achieved today. Yet, I do not believe it has commanded the same share of our state's attention, focus or innovation.

I believe it is imperative that your office champion the vision of a high-performing health system that provides all citizens with affordable access to high-quality, safe care while maximizing efficiency in its delivery and administration. And, I believe that vision must include a commitment to provide coordinated, comprehensive and accessible care not only to children with special healthcare needs but to all patients who receive their care in the independent physician setting, many of whom have limited resources and the greatest healthcare needs.

Today, a significant number of citizens of our state do not have access to high quality primary care. Many are the most vulnerable groups in society. Projected shortages of medical and nursing school graduates threaten access further and risk the collapse of primary care where it is needed most. For those with access, current reimbursement practices do not encourage their providers to develop relationships with them to better evaluate and manage all aspects of their health. Rather, plans reward acute episodic care while proactive care, care management, active integrated inter-specialty management, and even some preventative care services are not reimbursed at all.

Current wisdom at the federal level believes change can occur through paying primary care providers a few dollars more to provide care management services. Health plans are mining their billing data with the belief that it will yield an accurate measure of clinical performance, which they can then share with consumers to influence who they choose as their provider. Without the ability to directly engage care providers, health plans hope that an informed consumer will be able to manage their own care and influence the performance of the providers who deliver it. Neither of these approaches addresses in any meaningful way the challenge of care coordination within the community.

Coordination of care, both within a given practice and between consultants, ancillary providers, and community resources, can only be realized where communities of physicians are organized and working together with a shared vision of a collaborative community. Shared information systems and data are a necessary ingredient as well. How can we improve the quality of care when 70% of it is delivered across a fragmented system without the means to define, measure and manage outcomes collectively?

To realize this vision here in Washington, your office will have to play a more active role. Market forces alone will not get us to our goal. Presently, this is a “zero-sum game.” Specialists have commanded the fee schedules governing health plan reimbursement practices and already take a “zero-sum” view of the world; “if you get more, I get less.” If we are more successful with preventive care, we’ll spend less on intervention and acute

care. But this truth we know: without additional investment, we must find other costs that can be eliminated.

Significant cost elimination opportunities are within reach today. As the Insurance Commissioner correctly pointed out, administrative overhead in the financing and delivery of healthcare is ripe with opportunity for simplification and transparency that will lead to greater efficiency and substantial savings. The primary source of funds will come from simplifying the eligibility, authorization and claims related administration across all health plans in the state. A rough estimate of the opportunity is at least a 30% reduction in the more than \$16 billion dollars currently squandered in the claims administration process. I have direct experience with this “tax” on the independent practice. The typical practice of 3 or more physicians requires a full time staff member simply to manage the health plan administration issues required to refer a patient to a specialist or order necessary diagnostic tests.<sup>3</sup>

My primary appeal to you is to make the Commissioner’s recommendations “job one” in the quest to create a healthcare system that works for all of our citizens. As I’m sure you will agree, we must not wait for the federal government to act.

Let us take the lead where we can have immediate impact and propel this state forward with a sense of urgency to unleash the resources necessary to deliver effective change.

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<sup>3</sup> Health Care Administrative Expense Analysis Blue Ribbon Commission Recommendation #6, Final Report, September 26, 2007, State of Washington, Office of the Insurance Commissioner

Let us liberate independent healthcare provider practices from the administrative burdens imposed by health plans.

Let us recognize the critical value of the independent primary care physician's role in healthcare delivery model of the future by working to integrate, engage and compensate them for the work required to alter their practice.

Let us leverage the relationships between patients and general practice family physicians to get specialists and other local care providers and community resources on board.

And when these physicians and other healthcare professionals are connected and able to coordinate their efforts, they will, through their referent power and a superior patient experience, be able to inspire and guide their patients to proactively manage their own health.

I believe we have both the necessary talent and resources within our grasp. So let us begin. It is time to take bold steps, make courageous choices and marshal the resources and influence of your office to:

- Act quickly on the Insurance Commissioner's recommendations for administrative reform and simplification;
- Invest the savings from reform to help build the model for care coordination from the primary care provider's office and across the community of care and service providers;

- And through this effort, ensure access to quality healthcare for all the citizens of our State.

In the first months of your administration, I would encourage you to get out into the communities of the independent physicians of our State. I would also ask that you visit with the physicians with which we are partnering to see how they are meeting this challenge today not by virtue of vast resources but simply dogged determination.

Come see what's possible, Governor. You have my support as well if you need help along the way. I look forward to sharing the challenge.

Sincerely,

Peter J. Gelpi