

# WORKFORCE PLANNING: Expansion vs. Restructuring

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# Why This Time May Be Different

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- Middle Class – Still satisfied with own care, but increasingly concerned about “Security of Coverage” and rapidly increasing “Personal costs” (Premium, co-pay, deductibles up 73% 2000-2006)
- Business [Employer Based Insurance] is looking for exit strategy
- State experiments – start with increasing coverage, delay controlling costs
- Accounting for Retiree Health – tips municipal, state balance sheets into the “Red”
- Medicare continues toward trust fund bankruptcy

# Health Care Reform

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**Sustainable universal coverage is possible only with matching control of health care expenditures (to parity with GDP and/or wage increase)**

# Changing the Language of Medicine

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## **The Following Three Phrases:**

1. “The United States has the best health care system in the world”
2. “Health care is special”
3. “New is better”

**Are increasingly untenable and unbelievable (Emanuel)**

# Changing the Shape of Medicine

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- 1. Rise of “Consumerism”**
- 2. Decline in Professional Control**
- 3. Impact of Information Technology on “Productivity”**
  - Deskillling “jobs” to increase labor productivity
  - Increasing productivity of “knowledge workers”
- 4. Two Fastest Expanding Functions**
  - Chronic disease management (85% of care)
  - End of Life Care (social support systems)
- 5. Impact of Advances in Medical Science**
  - Increased precision in both diagnosis and treatment
  - Applied earlier in disease process (before symptoms) or at earliest stage of disease

# Changing the Metrics of Medicine

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**FROM**

**P4P, High PHS, EMRs, Safety**

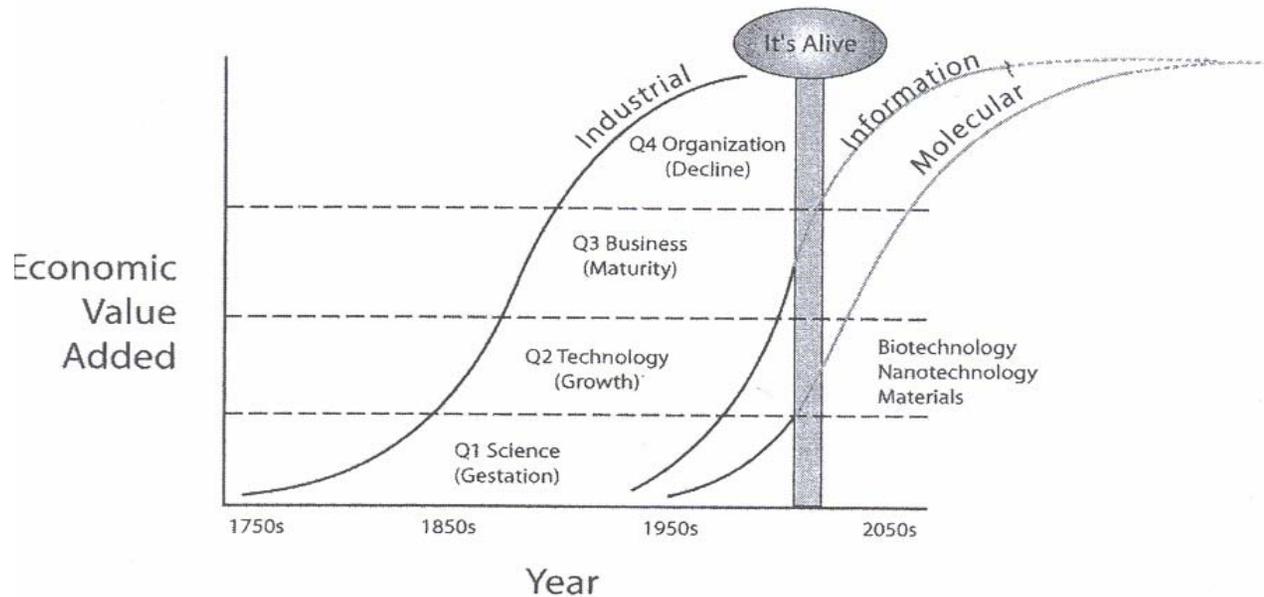
**TO**

**Quality, Efficiency  $\Rightarrow$  Value  $\Rightarrow$  Productivity**

- Labor productivity
- Total factor productivity

# Changing Speed of Economic Innovation

FIGURE 1-5 The Next Ten Years



# Changing Speed of Economic Innovation

FIGURE 1-6 Four Phases of Three Economies

	INDUSTRIAL ECONOMY	INFORMATION ECONOMY	MOLECULAR ECONOMY
Q1 SCIENCE	Electrical engineering, chemistry	Solid-state physics, information theory	Biology, nanoscale science, materials science
Q2 TECHNOLOGY	Steel plants, oil, electrical equipment	Chips, operating systems, World Wide Web	Genomics, proteomics, nanotechnology, agent-based models
Q3 BUSINESS	Automobiles, consumer durables, skyscrapers	New media, information technology services, portals	<b>Matter compiler, personal hospital, universal mentor, experience machine, social science simulator</b>
Q4 ORGANIZATION	Command and control, hierarchy, "scientific management"	<b>The Adaptive Enterprise</b>	<b>Yet to emerge</b>

 Future developments

# Changing Business Models

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- 1. Changes to paying for results which moves from zero sum to positive sum (Porter and Teisberg)**
- 2. Disruptive Innovation – “Crucial” role business model innovation plays in disruptive innovation (Christensen and Grossman)**

# The Gathering Storm

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1. **Steve Schroeder** – “A Saga of Paradise Lost”
2. **Uwe Reinhardt** – “Academic Medicine’s Financial Accountability and Responsibility”
3. **Rashi Fein** – “The Academic Health Center: Some Policy Reflections”
4. **Rosemary Stevens** – “Medical Specialization as American Health Policy”

# Modernizing the Structure and Operation of Health Care Delivery

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## “Building a Better Delivery System”

- **Wellness and Prevention**
- **Primary Care**
- **Chronic Disease Care**
- **Procedural Medicine**
- **Catastrophic Medicine**

# Transforming Education and Training

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1. **Education** – from Bio Medical Foundation to System Foundation – systems design, team care, continuous adaptation
2. **Training** – from extended training in narrow specialties, sub-specialties – to shorter more flexible training with “intense short courses” for specific and constantly evolving special skills

## Coordination with Education and Training of Less Skilled Personnel (Substitution)

Care is “specified” in detail and information technology becomes pervasive, more functional and cheaper, and demographic demands of chronic care, frail elderly, end of life increases need for larger workforce

### Education and Training includes:

- Employer Base Training (TPS)
- Short courses
- Community college

# Strange Bedfellows Developing Converging Health Care Reform Plans

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## 1. **From Wholesale to Retail**

(Portable, Consumer Choice from Regional Exchanges)

## 2. **National Oversight by Semi-Independent Agency**

(Health Federal Reserve – with a little SEC added, FEHBP for All, and Comparative Effectiveness Function)

## 3. **Transition from Employer Funding to Government Funding of Basic Benefit or Mix of Government, Employer, and Individual Funding**