

**Written Testimony Before the
Special Committee on Aging
United States Senate**

Presented by

**Mr. G. Richard Wagoner, Jr.
Chairman and Chief Executive Officer
General Motors Corporation**

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**"From Medicaid to Retiree Benefits:
How Seniors Impact America's Health Care Costs"**

Thank you Chairman Smith, Senator Kohl, and Members of the Committee for the opportunity to testify about the innovations GM is supporting in the private marketplace to manage health care costs for our employees, retirees, and their families. My name is Rick Wagoner, and I am the Chairman and CEO of General Motors Corporation. General Motors leads several programs to improve the delivery and efficiency of health care services for our employees and retirees. Today, I would like to highlight a few of those efforts, and also discuss some ways that we can work to improve the cost and quality of private and public health care services. I have also provided a more detailed description of our key initiatives within this material. I am interested in listening to the health care challenges faced by Arizona Governor Napolitano and her state, and the initiatives she has undertaken to address them. Corporate America and our state governments can learn a lot from each other on this important topic.

I. BACKGROUND

General Motors is the largest private purchaser of health care in the United States, paying the health care costs of 1.1 million employees, retirees and dependents. Of those 1.1 million, approximately 530,000 are age 60 and over, representing over 1% of the U.S. population over 60. In 2005, General Motors spent \$5.3 billion for health care. That's more than we spend on steel. \$1.9 billion of that cost was spent on prescription drugs, and represents a 335% increase in prescription drug costs over the past 12 years.

GM is not alone in facing huge health cost pressures. In a Business Roundtable survey of its CEO members, 58 percent cited health care as their companies' most meaningful cost pressure.

As you know, the U.S. spends more on health care as a percentage of GDP than any other industrialized country, and health care costs continue to rise. However, despite all that we spend, basic quality indicators show that the U.S. does not have the best health outcomes. Of 16 key health indicators, the U.S. is second to last among 13 industrialized nations. For example, in 2002, the U.S. had 6.8 deaths per live birth, compared to Japan which had 3 deaths per live birth and France which had 4.1 deaths per live birth.

Another statistic of concern is medical errors. Back in 1999, the Institute of Medicine cited that 98,000 people die per year due to medical errors in hospitals alone. For GM, this translates to 488 GM workers, retirees, and their families who may die each year because of a preventable medical error. This is more than one per day! While there has been progress since the IOM report and the enactment of the Patient Safety and Quality Improvement Act of 2005, the results are still insufficient. Quite simply, we need greater value for our health care dollar. We need a high quality health care system that is productive, efficient and error-free.

For years, GM has attempted to balance the demands of global competition with our efforts to offer quality health care. We have made improving the delivery and affordability of the health care system for our employees and retirees one of our top priorities. We want to work with our employees and all the stakeholders within our communities to improve the health care that is delivered.

To do this, we at GM continuously examine the costs and quality of health care. We believe there is NO single solution or a one size fits all approach to reducing the costs and improving the quality and outcomes of the care delivered. Instead we recognize the complexities of the health care system and the diverse population of GM, and that to

achieve positive change, numerous and varied approaches must be taken that require the collaboration of stakeholders on many levels.

In our analysis, we found that our employees and retirees need 1) Better information on effective treatments; 2) Better tools to identify effective and efficient health care providers and to achieve provider accountability; and 3) Community and employment-based education and outreach to prevent disease and better manage chronic illnesses. To address these needs and to find innovative ways to create a better health care delivery system for all, GM is leading over 30 initiatives throughout communities across the country.

Today, I am pleased to highlight a few of these initiatives and discuss what GM and our workers and retirees have learned and what we are bringing to our communities to make health care delivery safer, more effective, and affordable. It is our hope that Congress and other stakeholders will work with us to improve the quality of health care for all Americans.

I. GETTING EMPLOYEES HEALTHY; WELLNESS AND DISEASE

PREVENTION

The most important key to keeping health costs down, and to keeping your beneficiaries out of hospitals, is to keep them healthy or improve their health status. As such, we have in place a number of programs and educational tools to help our employees, retirees, and their families stay healthier and manage their diseases better.

Let me first talk about fitness. We are encouraging our employees to get in the best possible shape by educating them on how to stay fit and giving them the tools to manage their health risks. Currently 20 percent of GM's population exercises less than

20 minutes per week. In order to help change that, GM has built in-house fitness centers in many of our facilities to make it easy to exercise before or after work. As an alternative for those who don't want to exercise so close to the workplace, we offer a discount fitness network called "GlobalFit" that offers memberships to clubs nationwide at substantial savings.

Lifesteps

GM's flagship wellness program is called Lifesteps. Back in 1996, GM, along with the UAW, launched LifeSteps, a comprehensive health and wellness program for our 1.1 million employees, retirees and dependents. This program is designed to help individuals identify controllable health risks, develop plans to reduce those risks, and modify lifestyles. It offers personal health risk appraisals, health fairs and screenings, wellness support programs and health-related news and publications. Today, more than 75 percent of GM employees and a very substantial number of retirees have participated in LifeSteps. It has led to more than one million health risk appraisals and the reduction of more than 185,000 specific health risks. The Lifesteps program also has published more articles than any other employer-sponsored wellness program in America. In 2004, the U.S. Department of Health and Human Services awarded the GM-UAW Lifesteps program the "Innovation in Prevention Award."

One of the rewarding outcomes is that when our employees participate in LifeSteps as active employees, we have seen that they are more likely to participate in these programs as Medicare eligible retirees. We have also determined that as our employees retire and move into Medicare, they exceed the National Guidelines for Preventive Services in nearly every category. This indicates that we are providing

Medicare a more health-aware and, likely, healthier member. This benefits the Medicare program and taxpayers that support it.

Cancer Efforts

In the field of treatment and prevention, a particular concern is cancer. For pre-65 year old beneficiaries, cancer-related costs make up 8.1% of total health care expenditures. Costs per beneficiary with cancer averages \$16,246 a year, which is five times higher than the annual medical costs incurred by those without cancer. Full costs over the entire treatment period are roughly \$83,084, and indirect costs include absenteeism, lower work productivity, and reduced performance. The cancer survival rate is now over 60 percent, but is still the second leading cause of death in the United States.

For the last 27 years, GM has been on the front lines in the efforts to eradicate cancer. Through the GM Cancer Research Foundation, we annually honor and award those who conduct research on cures, and donate millions of dollars to cancer research. Within the GM family, over 100,000 people a year are screened or treated for cancer through our Lifesteps program.

Diabetes and the Worksite / Diabetes Disease Management Pilot Program

Another condition of concern to GM is diabetes. Diabetes is the fifth leading cause of death by disease in the U.S. and also contributes to higher rates of morbidity as people with diabetes are at higher risk for heart disease, blindness, kidney failure, extremity amputations, and other chronic conditions. Consequently, it is an

extraordinarily expensive disease. In the U.S., expenditures attributable to diabetes in 2002 were estimated at \$132 billion – one out of four Medicare dollars.

As a result, GM instituted the “Worksite Diabetes Disease Management Pilot Program.” The project is free to employees, confidential, and voluntary. We offer in-plant screening, testing, and free follow-up. The program also seeks to make the workplace diabetic friendly by offering healthier entrees in the cafeteria, making the workplace smoke-free, and providing convenient, private, and sanitary places for insulin injections. The project also links together the myriad of wellness and health promotion programs.

Greater Flint Health Coalition Heart Failure Taskforce

A key aspect of prevention is proper management across all health care settings. For this, GM instituted the “Greater Flint Health Coalition Heart Failure Taskforce.” This program, which covers almost 200,000 General Motors employees, retirees, and their families, was implemented with the Greater Flint Health Coalition in Flint, Michigan (overseen by the University of Michigan and sponsored by the American College of Cardiology). The goal is to increase adherence of physicians to the American College of Cardiology/American Heart Association Guidelines for Evaluation and Management of Chronic Heart Failure. Evidence shows this leads to lower death risks, lower readmission rates and better quality of care for patients.

Early results have shown significant improvement in the use of appropriate medications, documentation of vaccines, discharge instructions and compliance. Of 2,500 heart failure patients, those treated at the eight participating hospitals had a lower mortality and readmission rate than those treated at six hospitals that did not participate. Thirty day readmission rates fell 22% at the eight participating hospitals, compared to a

slight increase at non-participating hospitals. Thirty day mortality rates fell 27% at participating hospitals compared to a slight increase among non-participating providers.

II. GIVING CONSUMERS BETTER INFORMATION

In addition to our preventive and disease management programs, another way in which GM is attempting to improve health care is by providing our employees and retirees with a broad range of tools to become better health care consumers. It's troubling that consumers know more about a potential vehicle purchase than they do about the doctors they see, the hospital they may visit, or the prescription drugs they may take.

Education Tools

Patients want and need to become better consumers. GM has an extensive education campaign for all our employees, retirees, and their families to help them better understand the health care delivery system and become better informed health care consumers. For example, in 2001, GM began a comprehensive education campaign to inform employees and retirees about the high quality effectiveness of generic drugs. Since the program began, we have been able to obtain over 90% generic substitution. Each percentage increase in generic use saves \$4 million per year.

We also offer all our employees and retirees a "Health Care 101" publication online and in print that educates them and others about major health care issues facing the health care system. Also, throughout the year we publish information on various health care topics via the web and newsletters to help our employees, retirees, and their families make better and more efficient choices.

Dayton Consumer Information Transparency Project

Another way GM is helping our employees and retirees become better consumers is by providing them with pricing and quality information about providers and plans in their communities. This August, GM is launching a program called the “Dayton Consumer Information Transparency Project.” The project will give patients consumer shopping tools, provider level cost and quality information, and member out-of-pocket cost information. The goal is to educate patients to make informed and effective health care choices, and to create competition among providers based on cost of service and quality. The project will allow more than 70,000 people to make the best health care decisions possible, whether it’s for cancer-related or cold treatments.

Empowering Consumers through Health Care Spending Accounts

Starting in 2006, GM began offering salaried workers and early retirees a choice of two high-deductible health plans with Health Savings Accounts, in addition to the traditional health insurance plan options. These plans give GM employees and early retirees greater control over their health care dollars, flexibility to choose their own providers, and allow them to save for current and future health care costs on a tax-free basis. In the first year, 4,150 active employees selected high deductible health plans, 2,120 non-Medicare retirees selected high deductible health plans, and 2,810 Medicare retirees selected high deductible health plans.

Health Information Technology

Another critical tool to help patients become better health care consumers is health information technology. Having a health care system that is electronically based and streamlined will help make health care information readily accessible to consumers and providers, and improve the overall safety and quality of care while reducing inefficiencies and administrative waste.

Currently we have several projects that will help move health care to a technology-based system. Two of these are the Southeast Michigan Electronic Prescribing Initiative, or SEMI, and the Southeast Michigan Health Information Exchange.

Southeast Michigan E- Prescribing Initiative

The Southeast Michigan Electronic Prescribing Initiative is a collaborative effort with Ford, DaimlerChrysler, and Medco Health, and is supported by the UAW and Michigan government. It is designed to increase the adoption of health information technology by providing incentives to physicians to adopt e-prescribing tools in the ambulatory setting. Physicians are given hand-held devices to look up formularies and other prescription drug information, write prescriptions, and send them directly to the pharmacy for filling. These devices help give important safety and coverage information when a physician is making prescribing decisions. They help improve patient safety, reduce costs, and increase generic drug usage. As you can imagine, it is drastically reducing errors associated with pharmacists reading physicians' handwriting.

Launched in February 2005, SEMI covers approximately 208,000 GM employees, retirees, and family members in Southeast Michigan, and 860 physicians have enrolled in the program. Participating physicians wrote almost 600,000 prescriptions, of which 110,000 were changed or cancelled due to drug-to-drug interaction alerts. 72,000 prescriptions were changed or cancelled due to formulary alerts, and over 7,000 prescriptions were changed or cancelled due to drug or allergy warnings. Under this initiative, generic drug use has increased by over 7%.

Southeast Michigan Health Information Exchange

A second IT initiative in which GM is taking a leadership role is the Southeast Michigan Health Information Exchange. GM is active in regional health care information organizations in all our large communities.

The Southeast Michigan Health Information Exchange is a collaborative effort by GM, other employers, hospitals, and Michigan state officials. It will implement an electronic regional health care information organization that will affect all 4.8 million residents in the Southeast Michigan area, including the 208,000 GM employees, retirees, and family members I just mentioned. While the exchange is still in the early stages of development, we are encouraged that so many stakeholders have come together in a fairly short time in what is a large and complex market.

III. CREATING AN IMPROVED AND EFFICIENT HEALTH CARE SYSTEM

As I mentioned earlier, it takes collaboration by all stakeholders to achieve positive change and develop a quality, efficient health care system. To make health care more affordable and accountable, reduce waste in the system and improve care, the health care industry, government, employers and consumers must come together. While there are numerous collaborative efforts that GM supports, I would like to highlight two that are showing great success and promise.

Save Lives Save Dollars

In Michigan, GM is working with local health care providers, businesses, unions, hospitals and the Greater Detroit Health Care Council on a program called “Save Lives Save Dollars.” The program is aimed at improving the cost and quality of care and

giving consumers better information about their health care providers and medical facilities. The goal is to make hospitals, physicians and other providers more financially accountable for their performance and give consumers price and quality information on physicians, helping to drive our health care system to achieve higher levels of performance and greater efficiency.

The intention of the “save lives” side of the program is to achieve 100% adherence to selected clinical guidelines. The “save dollars” component is differential reimbursement through paying hospitals based on 100% adherence to the established guidelines. When care and outcomes are improved, we expect to spend fewer dollars. This is something we know from manufacturing – as you improve quality, you lower costs.

When launched later this summer, the program will include a web site that the public can access for reports on the performance data of hospitals in the region, helping beneficiaries in Southeast Michigan become better-informed health care consumers. Differential pay for performance for hospitals begins in July 2006, and will continue to roll out for other health care providers over the next year and a half.

GM Production System (Lean, Go Fast, and Value Stream Mapping)

Another example of how GM has worked with others to help the health care system become more efficient and productive is the implementation of the GM Production System at various health plans, hospitals, and physician groups. GM has found that approximately 80% of a process, regardless of the industry, is comprised of waste and non-value added activities. Since 1994, GM has held workshops in over 400 hospital systems and other health care organizations to help those in the health care industry learn how to be more efficient, and identify and eliminate waste. The goal is to

drive health care system improvements in the areas of quality, operational effectiveness, capacity utilization, patient safety and customer satisfaction.

For example, at the HMHP Hospital System in Youngstown, Ohio, nine workshops were completed with a total of 60,000 lives impacted through enhanced levels of care and operational efficiencies. In another example, at the Genesys Health Systems in Flint, Michigan, attendees improved their coding and billing process time from 330 minutes to 97 minutes, and the process itself dropped from 17 to 6 steps. Average results in other settings have yielded a 60% productivity increase, a 46% inventory reduction and a 51% lead line reduction.

Community Based Hospital Negotiations

GM also works with insurers to identify hospitals that are restricting competition in the marketplace. We offer support to insurers to assist in the negotiations by leveraging resources to collect and analyze data and evaluate information. The goal is to enable carriers and hospitals to cooperatively deliver high quality, cost effective health care to community residents. In Dayton, Ohio for example, GM worked with the Tri-River Health Care Coalitions, IUE/CWA and other labor unions, the Dayton Chamber of Commerce, Local Health Departments and local universities. More than 300,000 individuals benefited, including 36,000 GM employees, and GM alone saved nearly \$2 million in reduced costs. Overall, it is estimated that the community will save \$90 million in one year alone.

Leapfrog Regional Rollout

GM was also one of the founders of the Leapfrog Group, dedicated to using employer purchasing power to create great leaps in patient safety and health care quality.

In each of our communities, GM is working with the Leapfrog Group, coalitions, and local hospitals to publish vital patient safety data from hospitals on the Leapfrog website.

This initiative, located in Indiana, is aimed at reducing the number of patients harmed or killed by preventable medical errors. The hospitals are measured on four criteria: computerized physician order entry, Intensive Care Unit physician staffing, evidence-based hospital referral, and the Leapfrog safe practice score. If all U.S. hospitals were to follow Leapfrog's practice guidelines, it is estimated that 65,000 lives and approximately \$41.5 billion would be saved.

IV. PUBLIC POLICY NEEDS TO BE ALIGNED WITH THESE CHANGES

GM is investing considerable resources to find innovative ways to improve the quality and costs of health care services and to ensure that our GM families are getting value-based health care. However, GM also believes that this is just a beginning, and that much more can be done with the support and engagement of Congress and other public and private-sector stakeholders to make health care more affordable, accessible, and accountable on a comprehensive, national basis. We believe there are several key public and private initiatives that deserve attention:

- A vigorous and robust competitive prescription drug market in which everyone has access to affordable pharmaceuticals, including generic biopharmaceutical drugs.
- Policies that give consumers and physicians information on the relative effectiveness of different drugs and treatments so that they can compare and distinguish treatment options. Armed with this information, physicians and

consumers can ensure that only the most effective drugs and treatments are provided, and help reduce inappropriate, ineffective, and costly care.

- Implementation of National Health IT legislation. S.1472, the Health Care Wired Act, sponsored by Senators Enzi and Kennedy, should be enacted into law this year.
- Release of the complete Medicare Claims Database. I have joined my colleagues at the Business Roundtable asking that the Federal government disclose all Medicare data on the cost and quality of physicians and hospitals across the country. By getting price and quality information about physicians, hospitals, and other providers available to the public, consumers can make better choices about the health care they receive. This is increasingly important as consumers spend more of their own money on health care. This information will enhance quality and efficiency in the delivery of Medicare services as well as health care services overall.
- Finally, a stronger focus on high-cost cases. Just one percent of the population with chronic and serious illnesses accounts for about 30% of total health care expenditures. These cases pose a significant burden on both private and public payers. We need a better public/private effort to address these high-cost cases to improve their care and reduce overall costs, and to create a more competitive health care market.

CLOSING

In conclusion, GM is proud of the positive efforts we have been making in our communities for our employees, retirees, and their families. However, we must all do

more to reduce costs and get greater value for the money we are spending. As we move forward, we are committed to working with all public and private stakeholders to develop solutions that improve the health care marketplace.

I appreciate the opportunity to share GM's experiences with the Special Committee on Aging. As you evaluate private and public initiatives, please consider GM a resource and a willing partner.

General Motors Corporation Health Care Initiatives

General Motors Corporation provides health care for more than 1.1 million workers, retirees and family members at a cost in 2005 of \$5.3 billion. GM has a comprehensive strategy to improve quality and manage costs which includes providing leadership in many community-based initiatives and a long-established wellness approach toward curbing health care costs among its employees by encouraging the use of smoking cessation, fitness programs, and generic prescription drugs, which are less expensive than name brands but equally safe and effective. Notwithstanding those efforts, GM continues to incur unsustainable health care costs. The following provides a brief summary of GM's ongoing efforts to continue providing high quality health care in the face of ever-increasing costs.

| Program | Description |
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| <i>LifeSteps</i> | GM's flagship wellness program is designed to promote wellness, safety, and quality of life by providing health services that prevent and control illness. The program covers all GM employees, spouses and dependents. Jointly funded by the UAW from 1994-2004, the program is now fully funded by GM. The estimated medical savings for the intensive program is estimated to be \$97 per participant over a four year period. It is estimated that if all active employees were to participate in the program, there is a potential of \$40 million in savings due to decreased disability and absence. Since the inception of the program, over 800,000 (78% of population) individuals have been touched by LifeSteps. Over 356,000 individuals have actively participated in some trackable segment of the program and have completed over 1,000,000 health risk appraisals (HRA). The HRA has identified 815,000 risks and over time participants have reported a gross reduction of 185,000 risks. The Lifesteps program has published more articles than any other employer-sponsored wellness program in America. In 2004, Department of HHS awarded the GM-UAW Lifesteps program the Innovation in Prevention Award. |
| <i>Greater Flint Heart Failure Task Force Initiative</i> | The Greater Flint Health Coalition Heart Failure Task Force focuses on implementing best practices guidelines in heart failure care. The goal is to increase adherence of physician practices to the American College of Cardiology/American Heart Association Guidelines for Evaluation and Management of Chronic Heart Failure, lower the readmission rates for heart failure patients, and lower the risk of death. The project was implemented in eight participating hospitals (Genesee, Lapeer, Saginaw, Bay, Midland and Ingham counties) and covers almost 200,000 General Motors' employees, retirees or dependents. Preliminary results showed a significant improvement in the use of standardized orders, discharge documents and critical pathways' compliance. In the aggregate, the eight hospitals experienced significant advancements in the use of beta blockers and aldosterone inhibitors. Also increased was documentation of discharge instructions and smoking cessation counseling. Results include a 30 day reduction in the readmission rate of 22%, and reduction in mortality rate of 27%. |
| <i>Community Based Hospital Negotiations</i> | GM works closely with insurers to identify hospitals that are seeking high levels of reimbursement and restricting competition in the marketplace. GM offers support to insurers to assist in the negotiations by leveraging resources to collect and analyze data and evaluate information. The goal is to enable carriers and hospitals to cooperatively deliver high quality, cost effective health care to community residents. In Dayton, Ohio, GM worked with the Tri-River Health Care Coalitions IUE/CWA and other labor unions, the Dayton Chamber of Commerce, Local Health Departments and local universities. More than 300,000 individuals, including 36,000 GM employees, benefited and GM alone saved nearly \$2 million in wasted costs. Overall, it is estimated that the community will save \$90 million in one year. |

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| <i>The Dayton Consumer Information Transparency Project</i> | In August 2006, GM is launching a program called the “Dayton Consumer Information Transparency Project.” The project will give patients consumer shopping tools, featuring easy to understand information such as services and procedures of interest to members, provider level allowed cost and quality information, and member out-of-pocket cost information. The goal is to educate consumers to make informed and effective health care choices and to create competition among providers based on cost, service, and quality. The Program will be available to more than 70,000 people in the Dayton market. |
| <i>GM/AHRQ Collaborative to Reduce Avoidable Hospitalizations</i> | Recently, AHRQ and HHS approached GM in an effort to connect large employers with the AHRQ Quality Indicators (QIs). The AHRQ QIs were developed to utilize hospital discharge data and incorporate severity adjustment methods to create indicators of quality of community care. Indicators include prevention of hospital admissions, preventive care, inpatient performance and patient safety. The pilot initiative will be conducted through the Greater Flint Health Coalition in Flint, Michigan and will impact over 90,000 GM employees, retirees or dependents. This initiative offers an opportunity to identify areas for improving health care quality and reduce avoidable hospital admissions and procedures. |
| <i>Leapfrog Regional Rollout</i> | GM is one of the founders of the Leapfrog Group, dedicated to using employer purchasing power to create great leaps in patient safety and health care quality. In each of our large communities, GM is working with the Leapfrog Group, coalitions, and local hospitals to publish vital patient safety data from hospitals on the Leapfrog website. This initiative, located in Indiana, is aimed at reducing the number of patients harmed or killed by preventable medical errors. The hospitals are surveyed on four categories: computerized physician order entry; ICU physician staffing; evidence based hospital referral; and the Leapfrog safe practice score. The program could potentially impact all 86,000 GM participants in Indiana and is supported by 154 business organizations. If all U.S. hospitals followed Leapfrog’s practice guidelines, it is estimated that 65,000 lives and approximately \$41.5 billion would be saved. |
| <i>On-line Physician-Patient Communication (OPPC)</i> | Implemented April 1, 2006, the OPPC is a two year pilot to provide online patient/physician communication, which is HIPPA-ready and internet secure. The project enables physicians to communicate online with their established patients for non-urgent conditions and provides a clinically structured communication process that supports medical office workflow. The project covers all GM salaried employees and early retirees in central Indiana with PPO coverage. Reimbursement for e-visits would be \$25 less \$5 member co-pay, or approximately one-half of a normal office visit. If an e-visit substitutes for an office visit and office visits do not increase as a result of the greater convenience for patients or providers, the cost of office visits could be cut in half. Also, availability of e-visits may act to reduce emergency room visits, saving many times the cost of the visit. In a study conducted by Stanford on two years of claims, e-visit technology decreased total health care costs by \$3.69 per member per month. The study found no increase in pharmaceutical spending. |
| <i>Quality Health First</i> | The purpose of the Quality Health First initiative is to develop and implement a community-wide pay for performance system to reward physicians for achieving measurable improvements in quality of care. The program is being coordinated by the Employers Forum of Indianapolis and the Indiana Health Information Exchange. The goal of the program is to improve the quality and efficiency of care. Quality will be measured across different payers and populations, using evidence-based standards. Comparative reports and actionable information will be provided that will allow providers to improve care processes and outcomes. Provider efforts to improve quality and efficiency will be supported by constructing a multi-payer pay for performance system to reward providers for continuously improving quality of care. |

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| | The program will impact approximately 540,000 lives, including approximately 40,000 GM participants in the greater Indianapolis area. Program quality reporting will begin at the end of 2006 and will continue to be rolled out in 2007. |
| <i>Implementation of GM Production System (Lean, Go Fast and Value Stream Mapping) at Health Care Initiatives</i> | Since 1994, GM has held workshops in over 400 hospital systems and other health care organizations to help those in the health care industry to be more efficient, and identify and eliminate waste and non-value added efforts. The goal is to drive health care system improvements in the areas of quality, operational effectiveness, capacity utilization, patient safety, and customer satisfaction. In Ohio, a total of nine workshops were completed in the Warren/Youngstown and Dayton areas with a total of 60,000 people impacted through improved level of care and operational improvement. Institutions such as Johns Hopkins Medicine, Mayo Clinic and Cleveland Clinic have embraced GM's processes. Examples of results include reported 60% productivity increases, 46% inventory reduction, and 51% lead time reduction. |
| <i>Health Savings Accounts</i> | Starting in 2006, GM began offering all salaried workers and early retirees a choice of two high-deductible health plans with Health Savings Accounts, in addition to the traditional health insurance plan options. In the first year, approximately 10% of the active salaried population and 3% of the salaried retirees enrolled in high deductible health plans (4,150 active employees, 2,120 non-Medicare retirees, and 2,810 Medicare). |
| <i>HMO Value-based Purchasing</i> | GM's HMO purchasing strategy includes evaluation of quality and cost tied to differentiated pricing for salaried employees and retirees. Those electing higher performing health plans (higher quality, lower price) experience the lowest monthly contribution, thereby steering GM's population into better health plans. This strategy results in rewards for the health plans delivering the best value and provides an incentive for health plans to improve. The elements included in the quality evaluation are HEDIS/CAHPS (NCQA's clinical quality and satisfaction metrics) and the National Business Coalition on Health's eValue8 RFI. This strategy is supported by a large number of coalitions and employers across the country and helps to drive change and quality improvement in the health care market place. Results include significant performance improvement in key health plans and significant migration in to better performing plans. |
| <i>Worksite Diabetes Disease Management</i> | Diabetes is the fifth leading cause of death by disease in the U.S. and an extraordinarily expensive disease. In the U.S., expenditures attributable to diabetes in 2002 were estimated at \$132 billion – one out of four Medicare dollars. As a result, GM instituted a worksite diabetes disease management pilot program. The project is free to employees, confidential, and voluntary. GM offers in-plant screening, testing, and free follow-up. The program also seeks to make the workplace diabetic friendly by offering healthier meals in the cafeteria, making the workplace smoke-free, and providing convenient, private, and sanitary places for insulin injections. The project also links together the myriad of wellness and health promotion programs. Of the 560 diabetics in the GM population, 237 are active program participants. |
| <i>Generic Initiative</i> | In 2001, GM began a comprehensive educational campaign to inform the community about the high quality and cost effectiveness of generics. This emphasis continues today with GM working with other insurance carriers and our PBM to educate retail pharmacists, physicians, and enrollees. At the beginning of the project, GM looked at the top 10 states with a goal to increase the use of generics. Approximately 750,000 GM covered dependents benefit from the ongoing initiative. GM has seen a significant increase in generic use as a result of this and other programs. Since the program began, GM has been able to obtain over 90% generic substitution, of which each percentage increase in generic use saves \$4 million per year. |

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| <i>Southeast Michigan Health Information Exchange</i> | The Southeast Michigan Health Information Exchange is a collaborative effort by GM, other employers, hospitals, physicians, insurers and Michigan state officials. It will implement an electronic regional health information organization (RHIO) that will affect all 4.8 million residents in the Southeast Michigan area, including 208,000 GM lives. The primary purpose of a RHIO is the secure electronic facilitation of clinical and administrative data across multiple stakeholder sites to improve the quality and cost effectiveness of the health care delivery system. Covisint, a subsidiary of Compuware, has brought together stakeholders from the employer, physician, carrier, and health system perspectives to discuss functionality and value propositions. Participants are currently working toward the creation of a more community-based decision-making structure in order to develop a business plan, funding structure, and operational plan. |
| <i>Southeast Michigan Prescribing Initiative (SEMI)</i> | SEMI is designed to increase the adoption of health information technology by providing incentives to physicians to adopt e-prescribing tools in the ambulatory setting. E-prescribing tools include decision support at the point of prescribing, which drives improved quality and cost effectiveness. Quality is enhanced through the identification of potential drug-drug interactions and appropriate dosing. Cost is reduced through the increased use of generic and preferred brand drugs. In addition to impacting cost and quality through decision support, the administration and safety of prescribing is enhanced via electronic submission of prescriptions to the pharmacy. This addresses safety issues such as illegible handwriting and streamlines the administrative process for physician office staff and patients. Launched in February 2005, SEMI covers approximately 208,000 GM people and 860 physicians have enrolled in the program. Participating physicians wrote almost 600,000 prescriptions, of which 190,000 prescriptions were changed or cancelled due to alerts for drug to drug interactions, formulary alerts, drug or allergy warnings, and errors. Under this initiative, generic use has increased by over 7%, which alone will save \$3.1 million in annual pharmacy costs. Other business partners in SEMI include Ford Motor Company, DaimlerChrysler Corporation, BCBSM, Health Alliance Plan, Medco, RxHub, Surescripts, and several point-of-care technology vendors. |
| <i>Save Lives Save Dollars (SLSD)</i> | The SLSD program is aimed at improving the cost and quality of care and giving consumers better information about their health care providers and medical facilities. The goal is to make hospitals, physicians and other providers more financially accountable for their performance and give consumers price and quality information on physicians, helping to drive our health care system to achieve higher levels of performance and greater efficiency. The intention of the “save lives” side of the program is to achieve 100% adherence to selected clinical guidelines. The “save dollars” component is differential reimbursement through paying hospitals based on adherence to 100% of the established guidelines. Differential pay-for-performance for hospitals begins in July 2006, and will continue to roll out for other providers over the next year and one half. When launched later this summer (2006), the program will include a web site that the public can access for reports on the performance data of hospitals in the region, helping beneficiaries in Southeast Michigan become better-informed health care consumers. GM is working with local health care providers, businesses, unions, hospitals, and the Greater Detroit Area Health Council to implement SLSD. |