

## Obama writes e-health script

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A key aspect of President Barack Obama's plan to overhaul the economy and reform health care services is an investment of \$20 billion in health information technology, with the aim of having all health records stored and accessed electronically by 2014. He sees this investment as essential for saving jobs, money and lives by cutting red tape, preventing medical mistakes, and reducing health care costs by billions of dollars each year.

President Obama cites the predictions made by a RAND study in 2005 that the widespread adoption of electronic health records could save more than \$81 billion (about five per cent of the total health budget) annually by improving health care efficiency and safety. This study also indicated that the use of health IT in the prevention and management of chronic disease could eventually double those savings, while increasing health and other social benefits.

Of course, the potential long-term savings come with a hefty initial price tag, estimated at \$156 billion over five years, with an additional \$48 billion in operating costs. The \$20 billion included in the economic stimulus package therefore represents only a fraction of what will be needed to bring this aspect of Obama's plans to fruition.

By any standard the US health industry is a costly and inefficient enterprise and the US lags more than a decade behind countries such as Canada, Germany and Norway in its efforts to implement e-health systems. A comparative study of OECD countries showed that in 2005 the US was spending only 43 cents per capita on health IT, compared to \$31.85 in Canada, a whopping \$192.79 in the United Kingdom, and \$4.93 in Australia.

This makes Australia look like a shining example of e-health efficiency and early adoption in comparison, when the truth is that, after eight years and several hundred million dollars, Australia is still without a national health IT strategy.

Many consultants have prospered, numerous projects have been set up and fallen over, and yet our e-health system is currently as national and as unified as the railway system was last century.

There are lessons for both the US and Australia from the UK, which has been making real progress in this area. A report produced by the King's Fund in 2007 found that a decade of expensive National Health Service hospital reforms had failed to deliver the expected economic benefits because the proposed e-health program, recognised as key to productivity improvements and health gains, was well behind schedule.

The take-out lesson is that health IT is essential for the full realisation of health care reforms. It is not just a compartmentalised activity to enable information exchange within health care organisations, but the link across health care supply chains, care delivery, quality assurance and financing operations.

However, health IT systems alone are not the solution to health care problems in the US and in Australia, and, absent everyday usefulness, functionality and operability, they can simply contribute further to health care costs and alienate busy health care professionals.

The Obama Administration is well aware that other, simultaneous changes in the health care system are needed. Peter Orszag, the incoming director of the Office of Management and Budget and the former director of the Congressional Budget Office, testified before the Senate Finance Committee last July that: "The bottom line is that research does indicate that, in certain settings, health IT appears to facilitate reductions in health spending if other steps in the broader healthcare system are also taken to alter incentives to promote savings."

Ultimately, the key factor in achieving a national interoperable system of health IT is leadership and commitment from the very highest levels of government. With President Obama, his Secretary of Health and Human Services, Tom Daschle, and his OMB Director of one mind on health IT, the US has a real chance of pulling this off. The Australian Government must move quickly down the same track or run the risk of reform failure.

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Note:

Since this piece was published I have discovered that the Australian Health Ministers' Conference released a 20 page summary of the National e-Health Strategy, prepared by Deloitte, on December 22. It is available at [http://www.health.gov.au/internet/main/publishing.nsf/Content/604CF066BE48789DCA25751D000C15C7/\\$File/Summary%20of%20National%20E-Health%20Strategy-final051208.pdf](http://www.health.gov.au/internet/main/publishing.nsf/Content/604CF066BE48789DCA25751D000C15C7/$File/Summary%20of%20National%20E-Health%20Strategy-final051208.pdf) There is no indication as to when the full strategy will be released, and whether and when it will be resourced and implemented.