

Olympia Business Watch

The Association of Washington Business blog reviewing the news and events shaping business and politics.

The Push for Value-Driven Health Care Starts Here

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This morning I attended the formal [announcement](#) (also [here](#)) by [HHS Secretary Mike Leavitt](#) that the [Puget Sound Health Alliance](#) would be the first group in the country designated a Community Leader for [Value-Driven Health Care](#). These things have a certain routine to them, and it's often easy to miss it when something important is happening. **This may have been one of those important moments.**

It was good seeing Leavitt, a member of President Bush's cabinet and a former Republican governor of Utah, introduced by Gov. Gregoire, whose criticism of federal health care inaction has often been quite pointed. The governor made a pitch for her [five-point strategy](#) for health care and promoted the work of her [blue-ribbon commission](#).

Leavitt noted the unsustainable rate of cost escalation for health care. When he was born fifty-five years ago, health care consumed 4 percent of GDP. Today, it's at 16 percent. "No nation can sustain that and maintain economic competitiveness," he said. What we call a health care system, he said, is not a system, it's a sector. Nothing connects the pieces. In other sectors - banking and telecommunications - complex transactions routinely occur seamlessly. There's aggressive competition, yet information flows freely because businesses share the same systems. Think about using your ATM card in a foreign country and getting cash in that nation's denomination or phone calls across carriers. Yet 85 percent of all health care records are still paper records.

The Health Alliance, chaired by King County Executive Ron Sims, has taken the lead in a data-intensive effort to allow consumers and purchasers access to information that will let them evaluate health care costs and quality. Leavitt's designation of the group as a "community leader" moves it a major step closer to gaining access to Medicare data, a significant expansion in its ability to systematically evaluate health care performance.

A number of employers were present to give their formal support for the Alliance and the principles underlying Leavitt's national effort. AWB president Don Brunell was one of the business leaders endorsing the plan. There's a lot to this. And it's not as if we've not seen "major" health care initiatives launched nearly every year for the past several decades. But this approach makes more sense than most. AWB supports the effort, which are consistent with our [legislative objective for health care](#).

We've seen the failure of attempts to control or destroy competitive markets. And we've seen gridlock block any attempt to move forward. As Leavitt said this morning, "The problem's not a lack of political will. it's an abundance of political will" resulting in a clash of proprietary forces that keeps anything from being done. The key is marshaling the support of consumers and allowing the market to work. For that to happen, three elements must be present: competition, information, and consumer choice.

If those are the principles embraced this morning by business leaders and politicians of both parties, it will have been an important event.