

COMMON VISION MISSING FROM NEW JERSEY HEALTH CARE

By LAURA LANDY & ROBERT HUGHES

NEW JERSEY performed better than the national average on most recommended care-quality measures and most indicators of patient safety, according to the 2010 Hospital Performance Report, conducted by the state Department of Health and Senior Services.

But with costs among the highest in the nation and only average overall quality results (according to other studies), the state is on a trajectory that is unsustainable. And that should be the focus of attention from New Jersey policy-makers.

Dartmouth researchers compiled information—on Medicare beneficiaries who had a severe chronic illness in the last two years of life—that compared New Jersey costs with those in other states. Total per capita spending in 2007 for New Jersey beneficiaries living their last two years averaged \$59,379, the highest of any state, and 28 percent higher than the national average.

The most important reason for the higher costs is greater health care utilization—not higher prices. The Dartmouth Atlas data divide New Jersey essentially into seven regions, and five of them are in the top 17 (out of 306 nationally) in Medicare expenditures per recipient: Newark (seventh), Hackensack (10th), Ridgewood (11th), New Brunswick (14th) and Paterson (17th); Camden (30th) and Morristown (41st) round out the New Jersey rankings.

Similarly, the Commonwealth Fund's State Scorecard on Health System Performance ranked New Jersey 48th at avoidable hospital use and costs. This is at a time when New Jersey residents, already burdened with high taxes, cannot afford to pay for an excessively expensive health care system.

We recently conducted interviews with 25 health leaders in New Jersey. They emphasized that the state has many strengths, but lacks a common vision for health care. New Jersey is a state with high density (the highest in the nation), high average income (second-highest in the nation), high tax burden (highest in the nation) and high unionization rate (fifth-highest).

The history of state government oversight of health care is complicated. From 1978 to 1992, New Jersey had an approach (a so-called "all-payer rate-setting" system for hospitals) that reinforced reliance on local community

hospitals. When that ended, the subsequent "market competition" model only reinforced the contentious aspects of the system.

The health leaders described today's system as fragmented, uncoordinated, competitive and poorly integrated. As one put it, "New Jersey has a 1970s health care delivery system trying to deliver 21st-century health care."

They suggested elements that could help New Jersey make progress toward fundamentally changing our health care delivery system to produce better health, better care and lower costs:

- Leaders in health care should help set the direction for fundamental change, while leaders outside health care should ensure that the topic is part of the broader discussion of New Jersey's future. A good example of setting the direction is Jeffrey Brenner's work in Camden, developing new approaches to treating patients who seek care frequently.
- Residents need to discuss the tough issues that changing the health care delivery system raises. What outcomes are most important? How should inevitable trade-offs be handled? How should public input be organized?
- The health care system must begin to intentionally change its culture—with stakeholders working with each other, encouraged by leadership and reinforced with public support. Newark-based Horizon Blue Cross Blue Shield has taken an important step in this direction with the recent creation of Horizon Healthcare Innovations, a subsidiary to build and test new models of care.
- Experimentation and innovation should be encouraged, along with mechanisms for coordination and integration. The Special Care Center in Atlantic City, a clinic designed specifically for complex high-need patients, exemplifies this approach.
- New Jersey needs much better information on system-wide costs and performance, and state government should play a leading role in ensuring that such information is available.

It's possible to have better health, better care and lower cost—at the same time. But it won't happen by chance. It must be deliberate and it must involve all of New Jersey.

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LAURA LANDY IS PRESIDENT AND CEO OF THE FANNIE E. RIPPEL FOUNDATION,
A NATIONAL HEALTHCARE-FOCUSED FOUNDATION BASED IN MORRISTOWN.

ROBERT HUGHES IS A VISITING RESEARCH PROFESSOR
AT THE CENTER FOR STATE HEALTH POLICY AT RUTGERS UNIVERSITY.