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Report says new strategies could save W.Va. health care system over \$1B by 2014

TOM BREEN | Associated Press Writer
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CHARLESTON, W. Va. (AP) — West Virginia's health care system could save over \$1.1 billion by going digital and centralizing patient care, according to a first-of-its-kind report presented to lawmakers Monday.

Those savings would be seen not just by government agencies, but by private insurers and policyholders, who could benefit directly in the form of lower premiums.

The report should lend urgency to some initiatives that have already begun, like electronic medical records and prescriptions, according to the groups behind its creation.

"It really is remarkable to consider the savings available from options that are, basically, low-hanging fruit," said Perry Bryant, executive director of West Virginians for Affordable Health Care.

Lawmakers with a joint interim committee that oversees health care policy responded Monday with cautious praise for the report.

"I think it's very positive, and certainly provocative," said House Health and Human Resources Chairman Don Perdue, D-Wayne. "It's gratifying to see that once again, West Virginia is ahead of the game."

The estimates in the report, prepared by CCRC Actuaries for the West Virginia Health Care Authority, used insurance claims data from more than 800,000 West Virginia residents, including people in public plans like Medicaid and private plans like Mountain State Blue Cross Blue Shield.

Both the volume and the range of information make the report's estimates uniquely valuable, Bryant said.

"I don't know of any other state where private insurers have voluntarily pooled their data," he said.

The three pieces of "low-hanging fruit" in the report are electronic prescribing, digital medical records and the so-called "medical home" concept of patient care, which prizes close relationships between patients and doctors to provide a broad spectrum of care.

West Virginia has already made steps to adopt these strategies, but the report's estimates are based on their statewide implementation.

In the case of electronic prescriptions, the report estimates an overall savings of \$164 million in 2014, including nearly \$51 million in savings to private insurers and \$42 million in savings to policyholders.

After that, the fruit doesn't hang quite so low. The report estimates that a statewide rollout of medical homes would cost about \$45 million up front and incur ongoing costs of about \$368 million.

When subtracted from the estimated 2014 savings of \$643 million, though, that still means an overall break of roughly \$274 million, with the report estimating that savings growing to nearly \$2 billion in 2019.

The most difficult of the three measures to implement is a statewide system of electronic medical records. West Virginia has already installed digital record keeping systems at seven state hospitals, but getting private physicians on board is not so easy.

Estimates suggest that about nine in 10 health care offices still keep everything in paper. As the new report says, up front costs for physicians run from \$25,000 to \$45,000 and have annual costs thereafter of between \$2,000 and \$9,000, steep amounts for small practices.

If electronic medical records are adopted statewide in the next four years, though, the report estimates a savings of more than \$317 million, including \$85 million for private insurers and \$84 million for policyholders.

Lawmakers at Monday's interim meeting questioned whether the federal health care legislation in Congress might complicate the West Virginia efforts cited in the report.






"I'm concerned about the blending of the two," Senate Health and Human Resources Chairman Roman Prezioso, D-Marion, told Bryant. "I'm glad to hear you say we're ahead of the curve. I didn't anticipate that."

Bryant urged legislators to press ahead with the state's initiatives, particularly the medical homes, whether or if something emerges from Capitol Hill.




Associated Press writer Lawrence Messina in Charleston contributed to this report.

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