

New IOM Report Calls for Better Learning and Adoption

On September 6, 2012, the Institute of Medicine (IOM) released a new seminal report, entitled: “*Best Care at Lower Cost: The Path to Continuously Learning Health Care in America*” (Report). Building upon its earlier works, including: “*To Err is Human*” (1999); “*Crossing the Quality Chasm*” (2001); and, “*Unequal Treatment*” (2002), this latest report may stimulate even greater improvement in the healthcare system than the IOM’s previous reports were able to accomplish.¹ While previous reports focused on specific problems within the system, such as quality, safety, and disparities in care, this Report discusses what the authoring committee (Committee) deems to be the overarching problem facing the healthcare system today: insufficient learning and adoption of the techniques and processes that will improve the healthcare system in each of these areas and as a whole.² Through a series of recommendations, the Report outlines ways in which various stakeholders should collaborate to improve the way the healthcare system *learn*.

In addition to *quality* and *cost control*, the Report focuses on the overriding issue of *complexity* that has developed as a result of the huge gains achieved in clinical and biomedical knowledge over the past fifty years.³ Scientific and technological advances have improved providers’ capability to understand and treat illness, and yet, the volume of these discoveries has inundated the healthcare system and hindered its ability to deliver care.⁴ Because of the way providers are trained and updated, as well as utilized and paid, the healthcare system as a whole has been unable to effectively absorb the vast amount of information gained, which in turn impacts both quality and costs through inconsistent adoption, fragmented care, and the provision of unnecessary services.⁵ The Committee emphasized three crucial objectives for making the healthcare system one that continuously *learns*: seizing technological, policy, and industry opportunities; realizing greater value; and, managing the increasingly complex nature of healthcare.⁶ In order to achieve these objectives, the Committee made ten recommendations, which fall into three categories: *foundational elements*; *care improvement targets*; and, *supportive policy environment*.⁷

Among the Committee’s ten recommendations are two *foundational elements* designed to enhance the capture and use of clinical and financial data in order to generate

new knowledge and improve systems.⁸ There are five *care improvement targets* that focus on the promotion of patient-centered care; the use of clinical decision support to integrate best clinical knowledge into care decisions; and, the promotion of community-clinical partnerships to improve community health.⁹ In the *policy environment*, the Committee made three recommendations that emphasize greater transparency on the performance of healthcare systems and the use of broad leadership and financial incentives to both promote and reward “*continuous learning and improvement in the provision of best care at lower cost*.”¹⁰ For each of the recommendations, the Committee also identified stakeholders necessary to implementation, and these include a broad range of individuals and groups, such as the Secretary of Health and Human Services; public and private payers; research and advocacy organizations; patient and consumer groups; health economists; health professional education programs; and, healthcare delivery organizations and clinicians.¹¹ Through strategies that engage key participants and aim to implement best practices with respect to data usage; clinical care; delivery processes; and, performance measurement, the Report provides a holistic guide to achieving overall improvement of the healthcare system.¹²

In consideration of the ever-growing focus on obtaining greater value in healthcare, this Report purports to outline a plan to develop a “*learning*” healthcare system that will improve quality and achieve greater value.¹³ The chair of the Committee emphasized that using fewer resources does not have to translate to lower quality, and that the amount of money spent is not the primary concern, but rather, developing the right policies in order to deliver the right care.¹⁴ Recent data suggests that if every state delivered the same level of quality as that provided in the highest performing state, 75,000 fewer deaths could have resulted across the country in 2005, and given this amount of lower-quality care and the estimate of \$750 billion in wasted healthcare resources for 2009, there is substantial room in which to improve the value of Americans’ healthcare.¹⁵ The Report is the first known attempt to address the complexity of healthcare in addition to quality and cost concerns, and it emphasizes that this complexity requires stakeholder collaboration and continuous learning in order to produce an improved healthcare system and achieve the ultimate goal: “*best care at*

lower cost.”¹⁶

With this Report, the IOM has provided a comprehensive road map to developing a healthcare system that *learns* and evolves in order to provide the greatest value in healthcare. Despite significant advances in individual hospitals, health systems, and even states, a widespread, concerted effort is required to achieve meaningful and lasting change.¹⁷ The Report outlined specific strategies and identified the necessary stakeholders, so all that remains to be seen is where and with whom adoption and implementation will begin.

1 “New IOM Report Addresses Growing Complexity of Health Care” By Chris Fleming, Health Affairs Blog, September 6, 2012, <http://healthaffairs.org/blog/2012/09/06/new-iom-report-addresses-growing-complexity-of-health-care/> (Accessed 10/8/12).
2 “Best Care at Lower Cost: The Path to Continuously Learning

Healthcare in America” By Mark Smith et al., To Institute of Medicine Washington, DC: National Academies Press, September 6, 2012, p. xi.
3 Fleming, 2012.
4 “Another Wake-Up Call from the IOM” By Matthew Weinstock, Hospitals and Health Networks Daily, September 6, 2012, <http://www.hhnmag.com/hhnmag/HHNDaily/HHNDailyDisplay.dhtml?id=8070004599> (Accessed 10/8/12).
5 Fleming, 2012; IOM, p. xi; Weinstock, 2012.
6 Weinstock, 2012.
7 *Ibid.*
8 IOM, p. S-20.
9 *Ibid.*
10 *Ibid.*
11 *Ibid.*, p. S-20-26.
12 *Ibid.*, p. S-20-27.
13 Weinstock, 2012.
14 Fleming, 2012.
15 IOM, p. S-28; Fleming, 2012.
16 Fleming, 2012; IOM, p. S-27-28.
17 Weinstock, 2012.



(800) FYI - VALU

*Providing Solutions
in the Era of
Healthcare Reform*

Founded in 1993, HCC is a
nationally recognized healthcare
economic financial consulting firm

- [HCC Home](#)
- [Firm Profile](#)
- [HCC Services](#)
- [HCC Experts](#)
- [Clients Projects](#)
- [HCC News](#)
- [Upcoming Events](#)
- [Contact Us](#)
- [Email Us](#)

HEALTH CAPITAL CONSULTANTS (HCC) is an established, nationally recognized healthcare financial and economic consulting firm headquartered in St. Louis, Missouri, with regional personnel nationwide. Founded in 1993, HCC has served clients in over 45 states, in providing services including: valuation in all healthcare sectors; financial analysis, including the development of forecasts, budgets and income distribution plans; healthcare provider related intermediary services, including integration, affiliation, acquisition and divestiture; Certificate of Need (CON) and regulatory consulting; litigation support and expert witness services; and, industry research services for healthcare providers and their advisors. HCC's accredited professionals are supported by an experienced research and library support staff to maintain a thorough and extensive knowledge of the healthcare reimbursement, regulatory, technological and competitive environment.



Robert James Cimasi, MHA, ASA, FRICS, MCBA, AVA, CM&AA, serves as President of **HEALTH CAPITAL CONSULTANTS (HCC)**, a nationally recognized healthcare financial and economic consulting firm headquartered in St. Louis, MO, serving clients in 49 states since 1993. Mr. Cimasi has over thirty years of experience in serving clients, with a professional focus on the financial and economic aspects of healthcare service sector entities including: valuation consulting and capital formation services; healthcare industry transactions including joint ventures, mergers, acquisitions, and divestitures; litigation support & expert testimony; and, certificate-of-need and other regulatory and policy planning consulting.

Mr. Cimasi holds a Masters in Health Administration from the University of Maryland, as well as several professional designations: Accredited Senior Appraiser (ASA – American Society of Appraisers); Fellow Royal Intuition of Chartered Surveyors (FRICS – Royal Institute of Chartered Surveyors); Master Certified Business Appraiser (MCBA – Institute of Business Appraisers); Accredited Valuation Analyst (AVA – National Association of Certified Valuators and Analysts); and, Certified Merger & Acquisition Advisor (CM&AA – Alliance of Merger & Acquisition Advisors). He has served as an expert witness on cases in numerous courts, and has provided testimony before federal and state legislative committees. He is a nationally known speaker on healthcare industry topics, the author of several books, the latest of which include: *“The U.S. Healthcare Certificate of Need Sourcebook”* [2005 - Beard Books], *“An Exciting Insight into the Healthcare Industry and Medical Practice Valuation”* [2002 – AICPA], and *“A Guide to Consulting Services for Emerging Healthcare Organizations”* [1999 John Wiley and Sons].

Mr. Cimasi is the author of numerous additional chapters in anthologies; books, and legal treatises; published articles in peer reviewed and industry trade journals; research papers and case studies; and, is often quoted by healthcare industry press. In 2006, Mr. Cimasi was honored with the prestigious *“Shannon Pratt Award in Business Valuation”* conferred by the Institute of Business Appraisers. Mr. Cimasi serves on the Editorial Board of the Business Appraisals Practice of the Institute of Business Appraisers, of which he is a member of the College of Fellows.



Todd A. Zigrang, MBA, MHA, ASA, FACHE, is the Senior Vice President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where he focuses on the areas valuation and financial analysis for hospitals and other healthcare enterprises. Mr. Zigrang has significant physician integration and financial analysis experience, and has participated in the development of a physician-owned multi-specialty MSO and networks involving a wide range of specialties; physician-owned hospitals, as well as several limited liability companies for the purpose of acquiring acute care and specialty hospitals, ASCs and other ancillary facilities; participated in the evaluation and negotiation of managed care contracts, performed and assisted in the valuation of various healthcare entities and related litigation support engagements; created pro-forma financials; written business plans; conducted a range of industry research; completed due diligence practice analysis; overseen the selection process for vendors, contractors, and architects; and, worked on the arrangement of financing.

Mr. Zigrang holds a Master of Science in Health Administration and a Masters in Business Administration from the University of Missouri at Columbia, and is a Fellow of the American College of Healthcare Executives. He has co-authored *“Research and Financial Benchmarking in the Healthcare Industry”* (STP Financial Management) and *“Healthcare Industry Research and its Application in Financial Consulting”* (Aspen Publishers). He has additionally taught before the Institute of Business Appraisers and CPA Leadership Institute, and has presented healthcare industry valuation related research papers before the Healthcare Financial Management Association; the National CPA Health Care Adviser's Association; Association for Corporate Growth; Infocast Executive Education Series; the St. Louis Business Valuation Roundtable; and, Physician Hospitals of America.



Anne P. Sharamitaro, Esq., is the Vice President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where she focuses on the areas of Certificate of Need (CON); regulatory compliance, managed care, and antitrust consulting. Ms. Sharamitaro is a member of the Missouri Bar and holds a J.D. and Health Law Certificate from Saint Louis University School of Law, where she served as an editor for the *Journal of Health Law*, published by the American Health Lawyers Association. She has presented healthcare industry related research papers before Physician Hospitals of America and the National Association of Certified Valuation Analysts and co-authored chapters in *“Healthcare Organizations: Financial Management Strategies,”* published in 2008.