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## Grand Junction a microcosm of efficient healthcare

The small Colorado city runs a system that experts hope the nation can learn from. The innovative approach started with a nonprofit HMO that offers some free services and promotes preventive care.



Al Wear, 88, of Grand Junction Colo., is treated with an intravenous antibiotic by Karen Peffers, a nurse with Rocky Mountain Health Plans, at his home in Grand Junction Colo. (William Woody / For The Times)

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Total Medicare spending per enrollee, 2006	
Grand Junction	\$5,873
McAllen, Texas	14,946
Colorado average	7,496
U.S. average	8,304

Graphic: Mountain low

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By Nicholas Riccardi August 14, 2009

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Reporting from Grand Junction, Colo. - At first glance, this city of 45,000 looks like so many others, a spiral of ranch homes, shopping centers and chain stores.

But to healthcare reformers, Grand Junction, Colo., is the land of innovation -- a place that provides high-quality healthcare at a fraction of the regular price.

#### FOR THE RECORD:

Healthcare in Grand Junction: An article in Friday's Section A about low health costs in Grand Junction, Colo., referred to Dartmouth University researchers. It's Dartmouth College. —

The local HMO offers prenatal care to all women in the

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county. Doctors evaluate themselves partly on the cost-effectiveness of treatments they prescribe. Nurses often check on patients home from the hospital to help prevent relapses.

With President Obama set to hold a town hall here Saturday, many experts hope Grand Junction will offer lessons to the rest of the country.

"It's a great example for the nation," said Len Nichols, a healthcare economist at the centrist New America Foundation in Washington, D.C., who co-wrote a paper released this week on the area's record. "They have managed to contain the natural impulses of excessive competition and the medical arms race. . . . Everybody's looking into this."

According to Dartmouth University researchers, Grand Junction's cost of \$5,873 per Medicare patient in 2006, the most recent data available, is about 30% below the national average. By contrast, the cost per patient in Los Angeles is \$10,810.

Grand Junction, the researchers found, is the sixth-cheapest community in the nation, with Honolulu registering as the most cost-effective and Miami the most expensive.

Depending on the point of view, Grand Junction embodies some of the principles outlined by Obama in his bid to rein in healthcare costs -- such as promoting preventive care -- or shows what can be done *without* government intervention.

Unlike in most communities, where doctors are paid less for Medicaid patients than insured ones, physicians here agreed among themselves to charge a little less for regular patients and a little more for Medicaid patients. That way doctors would be happy to treat all comers.

"In effect, we created a community health system," said Steve ErkenBrack, president of Rocky Mountain Health Plans.

Some locals are skeptical of all the attention. Dr. James Schroeder, a pediatric cardiologist, wrote a column in the Grand Junction Free Press criticizing the focus on the city as low-cost medical paradise.

Schroeder argued that the emphasis on the efficiency pointed to a narrow-minded way of evaluating healthcare that he feared the president was pushing on the nation.

"Doctors and patients make decisions every single day based on peoples' spirit, desires, values, individual preferences and all those other things that are so difficult to measure and regulate," Schroeder wrote.

But, according to some experts, Grand Junction chalks up some impressive statistics.

Only 12% of Medicare patients required readmission 30 days after a hospital visit, as opposed to the nationwide rate of 20%. Children on Medicaid in the HMO are four times as likely as other Colorado Medicaid children to receive all immunization treatment -- and adults on Medicaid were up to 10 times as likely to get comprehensive diabetes care.

Grand Junction is a beneficiary of its location and history. Sitting on the vast red-rock Colorado Plateau, 245 miles west of Denver and 285 miles southeast of Salt Lake City, the town learned long ago to be self-sufficient. So in 1974, when its doctors were struggling to get reimbursed by Medicaid, they decided to take matters into their own hands.

The doctors formed a nonprofit HMO, called Rocky Mountain Health Plans. They grouped together in a physicians association and contracted with the HMO.

Crucially, in the 1980s, when most HMOs became for-profit, RMHP kept its nonprofit status.

"We feel like we have support from our health insurance company," said Dr. Michael Pramenko. When the company makes decisions on what can be covered, "we know they're making decisions for the community, rather than shareholders who live 2,000 miles away."

Because of RMHP's vast market share -- about 40% of residents here and in surrounding Mesa County -- it has been able to embark on aggressively proactive initiatives.

For example, officials realized that many women in surrounding agricultural towns never got prenatal care; excessive numbers of newborns needed intensive, and expensive, care. The cost-saving solution:

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The HMO provides free prenatal services.

In another initiative, the HMO routinely sends nurses and therapists on home visits after patients are discharged from the hospital. That innovation has saved costs and improved lives. A case in point is Mabel Oakes.

The 94-year-old Oakes was briefly hospitalized after she fell in her retirement home last month and severely hurt her arm, the latest of several spills.

On Thursday, therapist Pam Gibbons prepared to lead Oakes through a series of exercises to help her stand and sit.

"I've got to get in that wheelchair?" Oakes asked in disbelief. Gibbons nodded and Oakes slowly stood from her recliner, pivoted and sat in the chair -- then launched into a series of leg lifts.

Oakes' daughter, Patricia Price, said she was relieved her mother could get in-home help. "Taking her someplace else," she said, "is impossible."

And as Gibbons noted, keeping Oakes in a skilled-nursing facility would be more expensive.

In partnership with the two hospitals in town, RMHP also opened a clinic where uninsured patients can seek low-cost treatment. This keeps them from clogging emergency rooms for routine problems.

The HMO and doctors group collaborated on the creation of an online medical database to track anyone treated in Grand Junction. This, too, saves money. Physicians no longer have to wait days for medical charts to arrive from a hospital. It also prevents them from performing tests already administered elsewhere.

"The interesting thing about healthcare," ErkenBrack said, "is quality costs less."

Dr. Jonathan Skinner, one of the Dartmouth researchers, said that efficiency in healthcare delivery can lead to better results for patients.

Many of the procedures that drive up medical costs, such as surgeries, are traumatic and may not actually improve a patient's condition, he said. But the existing reimbursement-based healthcare system rewards large amounts of expensive activity.

"We end up punishing places like Grand Junction," Skinner said. "What kind of reward do you get for trying to rationalize the system? Much less money."

Even Grand Junction's boosters acknowledge that some of the factors that make their system work may not be transferable elsewhere, from its small-town feel to its physically fit population.

But experts argue that the town still holds lessons for expensive metropolitan areas. Nichols, the healthcare economist, said many Grand Junction innovations, such as higher payments for Medicaid, could be emulated in places like Los Angeles.

For years, Grand Junction's health system was something of a Colorado secret. "You just don't get that many complaints out there," said Alfred Gilchrist, chief executive of the Colorado Medical Society, a statewide physicians group.

The national spotlight arrived in June, when the New Yorker magazine singled out McAllen, Texas, as one of the most expensive places for healthcare in the U.S. It cited Grand Junction as a counter-example of how to provide quality healthcare affordably.

Although the White House says Obama's visit isn't tied to healthcare, the president ordered his aides to read the article. In Colorado, the local Democratic congressman, John T. Salazar, invited Obama to visit. And calls began coming in from around the country, asking Grand Junction to reveal its secret.

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