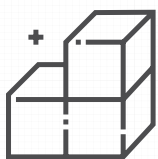


5 Ideas from Commercial Health Care for Modernizing HHS

Health and human services programs are among state and local governments' biggest expenses, and costs continue to rise faster than inflation. In addition, the IT systems supporting these programs are some of the oldest technology in government. Modernizing HHS systems and implementing innovative policies can help states and localities control rising costs and improve outcomes for citizens.

One effective way to realize these improvements is by borrowing proven approaches and services from the private sector. Commercial health care providers are using new technologies and techniques to deliver better value, and these ideas often can be applied to public sector HHS programs. Innovations from commercial health care also have become easier to adopt because many of them are delivered via the cloud, reducing equipment cost and other expenses associated with modernization, and enabling agencies to quickly implement improvements.

HERE ARE FIVE IDEAS FOR STATE AND LOCAL LEADERS TO CONSIDER:



1 Use a modular approach to innovate and maximize IT investments.

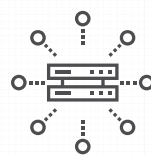
If you have a beautiful old house in a great location that needs some work, you don't gut it, you do the things that provide the greatest return on investment, such as upgrading kitchens and bathrooms. The same goes for existing HHS systems. State and local government IT budgets

are limited, so instead of scrapping entire systems, focus on the components that need to be replaced.

This philosophy is one motivator behind the movement toward modularity, an approach to IT system deployment that has garnered strong funding and policy support from the federal Centers for Medicare and Medicaid Services (CMS).

Modularity involves breaking large, complex systems into smaller, interconnected components or modules, which can be implemented and updated independently of one another. With this approach, government agencies can shrink the size and scope of large IT projects, reducing procurement and deployment risks. They can also open the door to innovation, because agencies can use modular design to tap into discrete functions — such as financial management and pharmacy benefits management — which are delivered as a cloud service from commercial providers. These commercial services also can be configured to meet state policies on payment grace periods and other unique factors.

Unlike the traditional approach to HHS system modernization — which involves hiring consultants to build massive custom systems from scratch — modularity offers an easier path and facilitates the adoption of commercial health care best practices.

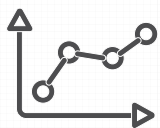


2 Look for systems that provide an integrated view of programs and beneficiaries.

State-of-the-art IT systems can help HHS agencies develop an integrated picture

of recipient households, which can improve service for beneficiaries and simplify program administration. For instance, a single, consolidated bill can aggregate premiums for complex household structures that might include members on various subsidized programs like Medicaid or the Children's Health Insurance Program.

These systems also offer integrated electronic billing and payment, so changes in enrollment are immediately reflected in billing. And they enable payment of claims for both health benefits and qualified support programs, such as transportation or dependent care, even when the claims are paid by different funders.



3 Leverage data to improve outcomes.

A growing number of agencies use data to drive policy, maximize flexibility, enhance relationships with citizens and improve health. For instance, when Camden, N.J., experienced abnormally high emergency room usage, the city discovered that a disproportionate number of visits came from one neighborhood. Officials quickly determined that interventions like working with non-profits to rehabilitate living spaces and remove mold were more cost effective than continuing to pay for preventable ER visits. Besides reducing expenses, this approach improved the health and quality of life for residents.



4 Use technology to drive impact.

Cutting-edge systems can combine information on what factors have the greatest impact on health with genetics and other individualized data points to help HHS agencies deploy resources more effectively. These systems can filter the broad spectrum of issues that affect health — such as reducing high school drop outs or ensuring that individuals have access to the transportation they need to get to and from medical appointments — through an individual lens to develop precision care plans and other tools that improve health and wellness.



5 Recognize the value of incentives.

Technology also can support incentives for HHS clients to improve their health and become self-sufficient. For instance, modern systems can link enhanced benefits or lower premiums to positive behaviors such as exercising regularly or quitting smoking. They also can support health planning and savings features. Private employers frequently use these strategies to promote engagement and improve outcomes, and they can often be implemented effectively in HHS program populations.

Capabilities such as these also help accommodate new savings-related policy innovations. For instance, one Midwestern state has developed an HSA-like account within its Medicaid program to which both the member and the state contribute. The member can use the HSA to help cover health care costs. While the approach is initially more expensive, it saves money over time by creating an incentive for account holders to become more engaged in their own care and be smarter health care consumers.

Adopting features from commercial health care systems can help state and local governments eliminate silos and improve coordination among agencies, levels of government and funders. Many of these innovations are available as cloud-base services, which enable HHS agencies to launch improvements faster and with less up-front cost. By collecting and interpreting data, these systems can bring together a comprehensive set of individualized interventions to improve health and related outcomes. And by supporting incentives, savings plans and other techniques, they give agencies new options for engaging and serving HHS clients.

Ultimately, commercial health care services and systems, delivered through the cloud, open new opportunities for state and local HHS agencies to control rising costs and improve program effectiveness.

This piece was developed and written by the Governing Institute Content Studio, with information and input from WEX Health.

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