Health Information Technology and Qualitative Investment

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Remarks at the Release of PCAST's report on Health IT
Lawrence H. Summers
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I want to make three points today.

First, this is good jobs and macroeconomic policy. When you think about our economic situation, we've got excess capacity in many areas, there are too many houses that have already been built, capacity utilization in factories is low; consumers are over-levered, over-borrowed relative to their assets. Where can the spending power that we need to accelerate recovery come from? Part of the story is direct-dollar in actions. That's why the agreement reached a couple days ago on tax policy is so profoundly important.

Part of the answer lies in the international sector and exports, that's why the President's free-trade agreement with Korea is so profoundly important, and much else that we're doing to promote exports.

And part of it is in investment, but at a moment when there is so much excess capacity we have to define the categories of investment a little bit more carefully. You know, for one reason or another, our family has accumulated more PCs than we need, and there a couple of the m in the basement. But when the iPad came out, I still bought one? Why? Because it provided qualitative improvement of a kind I simply couldn't get no matter how many regular PCs I attached together. And in the same way, qualitative investment that promotes technology has to be an important part of our investment strategy going forward as a country. That's why technology is so important. Not just any technology, but technology that is pervasively applicable. If you look at the economic history of the last 150 years, it's a lot about the steam engine. It's a lot about electricity. It's a lot about things that came from the automobile. All of which gave people capacities to do things they hadn't done before, and touched almost every aspect of economic life. And this generation's technology is information technology, with all that it makes possible, and we need to make sure that it is as exploited as widely and pervasively as possible. And what better time to accelerate investment in information technology than at a time of substantially unemployed resources that can be put to work providing jobs that are very important in the short run, and providing capacities that are profoundly important in the long run. That's why health information technology was so crucial a part of the recovery act. And this is probably one of the largest efforts government has ever undertaken to spur investment in a particular crucial subsector.

Second, this is essential as health policy. I would suggest to you this personally. Information technology in the American healthcare system should be as pervasive in the treatment of patients as it is in the billing of patients. I can assure you that information technology plays a larger role than in 20 percent in doctor's offices involved in billing. And I can assure you that in far larger than 10 percent of hospitals do they use information technology in assuring that they are compensated. There is no good reason why the average 7-11 uses more IT than the average doctor's office. It is wrong, and it is costly. It is costly at a time when one in twenty prescriptions involves an error. It is wrong at a time when tests are done and done again, and done again, because it's not possible to transfer the results from one doctor's office to another doctor's office. And it is wrong when the average Medicare patient receives care from seven different seven different physicians in four different [organizations?] in the average year. This is not a problem that will fix itself.

The essence of this problem involves networks. The first person who got a fax machine really could do very little with it. The second person who got a fax machine actually could do more, like fax the first person who had a fax machine. But unless they were married to each other, it really wasn't very exciting

when there were two fax machines. When the technology spread, the benefits increased far more than proportionally, because networks were central. So it also is with health information technology. And that's why government needs to give this a big push. That's why the private sector needs to collaborate. That's why at the center of anything that involves connectivity is the capacity for connections. That's why the issues of open standards that are stressed in this report are so profoundly important. This is good for incomes. This is essential for the healthcare system.

There's a third reason why this is very important. It is essential for people and could change their lives. Actually, it could save their lives. As I was driving over here—this is not written text—I was reminded that just about 25 years ago, I had been in a hospital for some time with something fairly serious, and thought that I was leaving at the end of the afternoon. And at 3:30, someone arrived to tell me that actually I wasn't leaving because my blood count had deteriorated very sharply, and they were going to need to evaluate the situation, and it was likely to be a need for several transfusions, and this was a very serious problem. As you can imagine, it was a relatively traumatic hour, until they arrived somewhat sheepishly at 4:30 with a combination of good news and bad news. The good news was that I was ok. The bad news was that they were a little embarrassed that they had had a certain confusion in reading a handwritten record in distinguishing the word "Summers" and the word "since." All that meant for me was an hour as traumatic as any I had ever spent. What [inaudible] that for thousands of other people, the consequences are vastly more serious than that. Don't we deserve to do better for Americans? Let's never forget that as we talk about the economics, that as we talk about the efficiencies, as we talk about the issues facing different providers, that doing this faster and better is also about life and death for thousands of our fellow citizens. Thank you very much.