Health Care 'Innovation Zones' on U.S. Native American land

Project overview

Grameen Health, a business associated with Professor Muhammad Yunus' Nobel Prize-winning microfinance network, is working to create health care innovation zones on U.S. Native American sovereign lands. Similar to the international "Charter City" concept developed and studied by Stanford Economist Paul Romer,[1] Grameen Health will establish innovation zones to bring high quality affordable health care to the U.S. while providing health access and professional and technical training for Native Americans.

Problem statement

High cost. High health care costs in the U.S. have resulted in: uninsured Americans, medical debt/bankruptcy, employers cutting/eliminating benefits, government straining to support public programs like Medicaid and Medicare, etc.

As reported by the Commonwealth Fund, Americans spend twice as much as residents of other developed countries on health care, but get lower quality, less efficiency, and have the least equitable system of industrialized countries. The U.S. currently leaves up to 46 million Americans, or 15% of the population, without health insurance.[2] While the new health reform legislation will seek to reduce the number of uninsured, it is less clear that the legislation and the new regulation will reduce the underlying cost of health care and encourage innovation. That underlying cost is projected to continue to grow, crowding out education and other social needs.

Loss of Innovation. Innovations to provide lower cost, high quality health care in the U.S. are restrained by factors such as:

- **Malpractice litigation.** Medical malpractice judgments are awarded based on variations from traditional practices. This encourages expensive defensive care and discourages innovation and the adoption of newer and more cost effective approaches.
- **Hurdles for international medical graduates.** It is difficult for talented internationally trained physicians, technicians and nurses to practice in the U.S. without expensive retraining, primarily for certification purposes.

Vulnerable/Underserved populations: Native Americans. There is tremendous disparity in actual health and health care for Native Americans. A report by the U.S. Commission on Civil Rights shows that Native Americans experience significantly higher rates of diabetes, mental health disorders, cardiovascular disease, pneumonia, and other conditions. Native Americans have higher death rates for specific ailments compared to all other Americans; alcoholism: 770% higher, tuberculosis: 650% higher, diabetes: 420% higher. As a result of these increased mortality rates, the life expectancy for Native Americans is 71 years of age, nearly five years less than the rest of the U.S. population.[3]

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[1] Romer Ted Talk; http://www.ted.com/speakers/paul_romer.html; Romer charter cities concept; http://www.stanford.edu/~promer/index.html

[2] David A. Squires, M.A. *The U.S. Health System in Perspective: A Comparison of Twelve Industrialized Nations*. July 27, 2011 | Volume 16. Commonwealth Fund. http://www.commonwealthfund.org/Content/Publications/Issue-Briefs/2011/Jul/U.S.-Health-System-in-Perspective.aspx

[3] *Native American Health Care Disparities Briefing*. Office of the General Counsel U.S. Commission on Civil Rights. February 2004. http://www.law.umaryland.edu/marshall/U.S.ccr/documents/nativeamerianhealthcaredis.pdf

The report showed that inadequate funding has been consistently identified as a significant obstacle to providing adequate health care and eliminating disparities in health status for Native Americans. [4]

In addition, the ability to recruit and retain competent health care providers is one problem with the quality of care at health facilities. At Native American facilities, highly trained medical personnel often get frustrated at their inability to provide care at the level they were trained to provide; leading to a high turnover rate. [5]

International models of success

Muhammad Yunus and his Grameen businesses have been internationally recognized for scalable and sustainable models for poverty alleviation. In Bangladesh, Grameen Kalyan (translation Village Wellbeing) operates 52 clinics that are providing primary and secondary healthcare services focusing on the poor living in rural communities.

The micro health insurance system model has made it possible to provide quality and affordable primary healthcare services to the less privileged population. Each of the clinics serves a population base of about 50,000 people. They are funded through a combination of very small membership fees, payments at the point of service, and the sale of pharmaceutical and diagnostic services. There are no government or other subsidies other than those paid by other Grameen entities.

Several of the clinics are profitable and the overall system covers from 80% to 90% of its total costs from the above revenue sources. The clinics take some payment at the point of service to make the system sustainable, and to maintain the dignity of the patient and the efficiency of the operation. No one is turned away because of inability to pay. If they have no cash, they can pay with a promise to pay later.

Another acclaimed international example is Dr. Devi Shetty and the Narayan Hospital in Bangalore, India. *Harvard Business Review* highlighted the hospital's hybrid strategy of attracting paying patients, due to its reputation for high quality, but also being able to provide care to the poor. Narayan Hospital focuses on lowering its costs of operation wherever possible so more people can afford to seek treatment. The surplus gained from paying patients is used to subsidize procedures performed at, or below, cost for patients who cannot afford the full fee.[6]

Grameen also operates two Aravind eye hospitals in Bangladesh. Each of these hospitals will ultimately be able to do 50,000 eye examinations and 10,000 eye operations in a year with an average cost of $25 per operation and with better outcomes and lower infection rates that operations costing up to 100 times more in the developed world. These efficiencies are achieved through a number of important innovations:

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[4] *Native American Health Care Disparities Briefing*.

[5] *Native American Health Care Disparities Briefing*.

[6] Tarun Khanna V. Kasturi Rangan Merlina Manocaran. *Narayana Hrudayalaya Heart Hospital: Cardiac Care for the Poor.* Harvard Business Review. http://www.narayanahospitals.com/images/Harvard%20BU.S.iness%20School.pdf

1. "Right staffing," or using local purpose trained nurses and technicians for all tasks to maintain high quality at lower costs and turnover, and using the higher cost ophthalmologists only where necessary.
2. Group medical appointments and consultations that are now enjoying increased popularity with patients and physicians in the U.S.
3. Tiered pricing where everyone gets the same high quality clinical care, but the wealthy pay more for more amenities, such as recovering in an air conditioned private room instead of a ward with up to eight patients.

Grameen Health will draw on these and other innovative evidence-based approaches and implement them as new business models to compete U.S. healthcare delivery. The goal is to create a "Wal-Mart effect," motivating other providers to match Grameen health prices.

Project objectives/logistics:
Grameen Health Care 'Innovation Zones' will work to address all the issues outlined above: high health care costs, loss of innovation, and vulnerable/underserved populations. By operating on sovereign land Grameen Health can work with the tribal council to implement the best practices for the facility that have been tried and tested internationally. This flexibility will allow Grameen to run the clinic in the most cost-effective manner. It will also create an environment that encourages international and domestic physicians to innovate with new models of health care delivery that have been proven to be successful in other countries– with less fear of litigation.

More importantly, the benefit of this project will be in taking a big step to clarify and correct the disparity in health care for U.S. Native Americans. The centers will provide a source of revenue and provide high quality health care as well as training and employment opportunities for tribal members.

The facility would be piloted on Native American land; ideally near a metropolitan area to attract patients of all income levels.

- **Higher income patients.** As practiced with Narayan Hospital, higher income patients can pay higher fees for additional amenities and elective services. With 1.3 million Americans traveling abroad to seek healthcare in 2008, and the medical tourism estimated to reach $100 billion by 2012[7], this reinforces that a large market exists for alternative health options in the U.S.
- **Uninsured/ low-income patients.** The fees paid by high-income patients will help to subsidize the costs of primary and preventive care for vulnerable children and families in the community, a benefit to both Native Americans and low-income individual from surrounding communities.

Proposal
Grameen Health is seeking support for three years to hire an executive director of 'Innovation Zones' and health promotion on Native American Indian lands. This individual will work to build off pre-existing research by Grameen Health to pilot this program. Many well-organized Native American

[7] Health-Tourism.com 2008; http://www.health-tourism.com/medical-tourism/statistics/

Indian tribes have been able to use their sovereign status to provide gambling services to the greater U.S. population. The same strategy should ultimately work to provide health care services to the greater U.S. population as well, with the added benefit of ultimately providing socially useful and valuable training and employment to Native Americans.

Proposal Activities outlined:

- **Community building.** New and continued conversations with organizations like: Native American Rehabilitation Association (NARA), Association of American Indian Physicians, American Indian Health Commission for Washington State, One Sky Center: American Indian/Alaska Native National Resource Center for Health Education and Research.
- **Tribe identification.** Native American Indian tribes with the most successful gambling operations will be most able/likely to be successful in establishing 'Innovation Zones' offering health care and other services due to the revenue from their gambling operations.
- **Regulation challenges.** Grameen will work with tribal councils, national organizations, immigrant services, health care providers, health care insurers, and others – to identify and work within the current regulation structures for both U.S. and sovereign lands.
- **Medical community support.** Build off key health care leader support already secured; e.g. Dr. Denis Cortese, Former CEO of the Mayo Clinic, Dr. Arnold Milstein, a thought leader at Mercer.
- **Long-term impact.** Dr. Devi Shetty has created the Wal-Mart of health care in India; and the impact of the 'Innovation Centers' will be the same on the current system to reduce prices and improve quality.

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