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## Lilly's Taurel Says American Health System is Unhealthy to the Core

### Offers Principles for Reform

INDIANAPOLIS, Feb 01, 2005 /PRNewswire-FirstCall via COMTEX/ -- America's health care system is hurting, and fixing it requires the urgent attention of elected officials, Eli Lilly and Company's (NYSE: LLY) Chairman, President and Chief Executive Officer Sidney Taurel said today. Taurel spoke at the 2nd Annual World Health Care Congress, where senior business executives from many of the nation's largest health care organizations joined leading government officials to consider strategies for a new health care model in the United States.

In remarks titled "[Critical Condition: The Ills of America's Health Care System and How We Can Heal Them](#)," Taurel broke from his usual topics -- the pharmaceutical industry and its issues -- to focus on the broader topic of health care reform. In addition to outlining the symptoms and causes of the current system's shortcomings, he suggested five key principles government leaders should consider when reforming the American health care system.

"While most Americans think they have the world's best health care, a key distinction must be made," said Taurel. "American medicine -- expertise, training and technologies for healing -- is indeed the best in the world. But the health care system used to organize, deliver and pay for care is itself unhealthy to the core."

Taurel noted that while experts may disagree sharply on how to fix the American health care system, there is generally broad agreement about its major symptoms. First: a gross inequity in access to care -- a great many Americans, 45 million by conventional counting, lack insurance coverage. Second: the system suffers from ever-rising costs -- six straight years of health costs rising at double digit rates, twice or three times the general rate of inflation. Third: persistent problems of poor quality and rampant inefficiencies create a kind of economic "friction" throughout the system -- 44,000, and possibly as many as 98,000 people, die each year due to medical errors.

To find the right solutions, it is first necessary to understand the root causes of the symptoms, Taurel said. He outlined three causes currently contributing to the ills of America's health care system, including:

- \* the fracture that splits patient from payer, which destroys the normal economic conversation between buyer and seller and drives an ever-rising spiral of costs and cost-shifting;
- \* the massive over-regulation that has created waste and inefficiency and added huge cost to the system as a whole; and,
- \* a pervasive failure to collect and use information needed to improve quality and clinical outcomes throughout the system.

While some conclude that the depth and complexity of these problems indicate the failure of the free market system in the U.S., Taurel emphatically disagrees. "The free market hasn't failed in the U.S. It's never been given a chance to work."

Taurel suggested five key principles for reforming the American health care system.

First and foremost, the U.S. must build a consumer-driven system. To instill a sense of personal ownership and break the endless cycle of expanding costs and cost shifting, "the economic fracture at the heart of the present system needs to be healed and the individual consumer put back in charge of how money is spent." That doesn't mean people have to pay for everything out of pocket, he said. There still should be a central role of insurance and government assistance. But no one should be allowed to think of health care as "free" or paid by others.

Second, the system should be restructured to be patient-centered, "eliminating the continual tug of war between its many interests." Decision-making should be refocused on what is best for the patient. This doesn't mean creating a system that indulges the patient's every whim, rather that patients as individuals bear primary responsibility for their own health. A patient-centered system should be one in which providers compete on value and are measured on quality. "Centering on patients cannot happen unless physicians and other providers are also unshackled to act fully as agents on behalf of their patients."

Third, health care must enter the Information Age. A nationwide medical information technology system must be built to reduce errors, promote consumer choice and integrate care. This action is already under way with the Bush administration's

announcement of an ambitious plan to develop electronic medical records that would combine public-sector oversight and buying power with private-sector innovation and initiative.

Fourth, progress must be made toward a system that is free of friction. Government at all levels should work to simplify and delay the regulatory framework now "choking" health care, preserving only those parts that truly protect the interests of patients and eliminating those that create unnecessary costs. "Tort reform is long overdue. And states should be taken out of the role of regulating health insurance. Most of the regulations at the state level are pure friction -- protecting state revenues rather than patients' health."

Fifth, the U.S. must build a system that promotes universal access. "We must do everything we can to extend some form of affordable health insurance to all Americans," Taurel said. "Free-market reformers argue that the best way to deliver this is via a refundable tax credit, available to all, provided it is used to purchase some form of health coverage. The credit can easily be supplemented with additional financial aid to those in need."

The full-text of Taurel's [speech](#) is available at [www.lilly.com](http://www.lilly.com).

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