

# **New health reform strategy would insure everyone, improve health and slow spending growth**

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A comprehensive set of insurance, payment, and system reforms could guarantee affordable health insurance coverage, improve health outcomes, and slow the growth of health spending by \$3 trillion by the end of the next decade, according to a new report released today by the Commonwealth Fund Commission on a High Performance Health System. The report, *The Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way*, details the Commission's recommendations for an integrated set of policies and assesses the impacts of specific policy actions from 2010 to 2020, compared to the status quo.

The report lays out strategic reforms that simultaneously aim to improve access, enhance quality, and control costs. Many of these reforms will be politically difficult - but are necessary to put the U.S. health system on a different path. Ensuring coverage and improving quality, while also achieving savings can be accomplished in large part because of payment changes that reward efficiency and penalize waste. Although spending slows as a result of reforms, it would still increase each year.

A central recommendation is to create a national insurance exchange that would offer a choice of private plans and a new public plan, coupled with insurance reforms that would make coverage affordable, ensure access, and lower administrative costs. Building on this foundation, the report recommends policies that would change the way the nation pays

for care, invest in information systems to improve quality and safety, and promote health.

The report's analysis indicates that insurance reforms would extend coverage to everyone within two years, with only 1 percent uninsured throughout the next decade. If combined with payment and system reforms initiated in 2010, the integrated approach to reform could slow the growth of national health spending by a cumulative \$3 trillion by 2020.

Spending would still go up but at a slower rate. The U.S. is expected to spend \$42 trillion on health care over the next 11 years, with spending rising 6.7 percent per year. By rationalizing the care system, including payment and information system reforms, the Commission's strategic approach could substantially slow the increase in spending, to 5.5 percent per year, and at the same time provide coverage and access for all. The cumulative savings would accrue to families, business, and the public sector. Analysis indicates savings would extend across all income groups.

"To improve health and enhance our family and national security, we need to invest in substantial reforms," said Commonwealth Fund President Karen Davis. "With our economy in crisis, health costs squeezing family budgets, and coverage deteriorating, we can't afford to continue on our current path. The Commission has laid out a pragmatic strategy that could rapidly move us in more positive directions—if we start now."

Without new national policies, the number of uninsured is projected to increase to 61 million over the next decade, not counting over 25 million more who are underinsured—poorly protected by inadequate insurance if they become sick. Despite this erosion in coverage, national health spending is projected to double to \$5.2 trillion by 2020, to consume 21 percent of national resources.

"Our health care system currently falls far short of what we should expect, despite pockets of excellence. Too often incentives reward more care, rather than better outcomes," said James J. Mongan, M.D., Chair of the Commission and President and CEO of Partners HealthCare. "The Commission recognizes that progress will require major changes - reforms won't be easy. Yet, if we fail to act the situation we face in the future will be much worse. We urge the leadership and political will necessary to overcome resistance to change and to proceed toward a high performance health system."

### Comprehensive Reforms Needed To Yield Greater Access, Better Outcomes and Savings

The Commission has laid out five essential strategies for reform, along with policy options to illustrate the potential gain. The strategies include:

- Affordable coverage for all. Build on the current public-private health insurance system by establishing a health insurance exchange that offers an enhanced choice of private plans and a new public plan. The public plan would offer comprehensive benefits with incentives for disease prevention and payment methods that reward results. Insurance market reforms and income-related premium assistance would assure coverage was affordable and accessible.
- Align incentives with value and effective cost control. Move away from the current fee-for-service payment system toward one that emphasizes value rather than volume, enhances the value of primary care, and holds providers accountable for quality and efficiency.
- Accountable, accessible, patient-centered and coordinated care. Move from the current fragmented health care system toward a care system in which everyone has a personal source of care that is accessible, coordinates care when needed, and is accountable for obtaining the best

health results possible.

- Aim high to improve quality and health outcomes: Infrastructure and Public Health. Invest to accelerate the adoption and effective use of health information technology and to provide information to support and inform better health care decisions by patients and clinicians, with easy access to high quality, useful information. Target public health initiatives on prevention and efforts to improve outcomes for chronic conditions.
- Accountable leadership and collaboration to set and achieve national goals. Establish new national policies that enable leadership and foster collaboration among the public and private sectors to set and achieve new goals and carry out reforms.

For families and employers, a national insurance exchange offering private plans and a new nationwide public plan would enhance choice. The public plan option—with premiums at least 20 percent lower than currently charged by private fee-for-service plans for comparable benefits, especially in small group markets—would challenge private insurers to innovate and reduce administrative costs. The exchange and reforms could lower administrative costs for all plans. The Commission notes the goal would be to achieve a balance in which public and private plans compete with market rules that stimulate innovation and outcomes in the public interest.

"The report's central message is that we all stand to gain by taking bold action," said Commonwealth Fund Senior Vice President and report lead author Cathy Schoen. "With middle-income as well as low-income families at risk, and businesses struggling to provide insurance for their employees, there is broad public support for fundamental change. Windows of opportunity for real health reform do not stay open long. The Commission has laid out a challenging but navigable path to a more secure future."

Also today, in a *New England Journal of Medicine* commentary, Commonwealth Fund President Karen Davis expands upon the Path report and discusses the politically difficult changes needed to transform how we pay for and deliver health care. In "Investing in Health Care Reform," Davis says such a set of reforms could offset two-thirds of the cumulative federal budget costs of expanding coverage to everyone, while employers, households, and state and local governments could see substantial net savings. Davis concludes that "it is time to change 'business as usual' and invest in the health care reforms that will benefit the public and patients and put our nation on a sounder economic footing."

Source: Commonwealth Fund

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