

# Survey finds widespread dissatisfaction with current health care payment system

3 November 2008

Leaders in health care and health care policy feel strongly that the way we pay for health care in the U.S. must be fundamentally reformed. The latest Commonwealth Fund/Modern Healthcare Health Care Opinion Leaders Survey reports that more than two-thirds (69%) of respondents expressed strong dissatisfaction with the current system, which is generally based on "fee-for-service" payment, saying the current system is not effective in encouraging high quality and efficient care.

The current fee-for-service system reimburses individual services—hospital stays, physician visits, and procedures—rather than paying for the most appropriate care for the patient over the course of an illness or a time period. In doing so, it creates incentives to provide more technical and more expensive services, rather than encouraging more effective, higher-value care. Only 1 percent of health care leaders surveyed said they preferred the current fee-for-service payment system to alternative approaches.

The survey asked respondents their opinions about various policy strategies for improving U.S. health system performance. Eighty-five percent of respondents believe fundamental provider payment reform with incentives to provide high-quality and efficient care over time is an effective strategy. Similarly, a majority of leaders deemed bonus payments for high-quality providers (55%) and public reporting of information on provider quality and efficiency (53%) as effective or very effective strategies for improving performance.

There was strong support for a move away from fee-for-service payment toward bundled approaches—that is, making a single payment for all services provided to a patient during the course of an episode or time period. When asked about preferred options for payment reform, 53 percent of opinion leaders chose a blend of modified fee-for-service and bundled per-patient payment, while another 23 percent chose bundled per-patient

payment alone.

Overall, leaders expressed an unequivocal call for change. "The current financial crisis has changed the nature of the debate over health reform," said Commonwealth Fund President Karen Davis, "More than ever, it will be essential to craft a plan that will give more Americans health security while simultaneously controlling costs. These results show that most leaders favor rethinking the way we pay health care providers, in order to attain better value and lower costs for the nation."

Other findings from the survey include:

- An overwhelming proportion of opinion leaders (85%) reported they support or strongly support revising the Medicare fee schedule (i.e., the resource-based-relative value schedule) to increase payments for primary care.

- Respondents voiced strong support for realigning the system to pay for transitional care services (77%), paying physician practices a monthly per patient fee for serving as a medical home (74%), and eliminating payments resulting for "never events," like avoidable infections or complications in hospitals (67%).

- Nearly three of four opinion leaders are in favor of Medicare negotiating pharmaceutical prices and engaging in competitive bidding for durable medical equipment as strategies to reduce the growth of health care costs.

- Nearly three of five (57%) health care opinion leaders said shared accountability for resource use—holding health care organizations, including hospitals and physicians, accountable for the resources used in caring for patients over time and sharing a portion of costs saved—is an effective strategy.

- Slightly more than a third (37%) believe paying

for performance—providing bonus payments to providers for high performance—would be effective or very effective in improving health care efficiency.

In addition, more than half (56%) of health care opinion leaders support or strongly support the creation of a Medicare Health Board, which would be established by Congress and empowered to make Medicare payment and benefit decisions, within congressional guidelines.

The survey is the 16th in a series from The Commonwealth Fund, and the eighth conducted in partnership with the publication *Modern Healthcare*. Commentaries on the survey results by J. James Rohack, M.D., president-elect of the American Medical Association, and Glenn Hackbarth, J.D., M.A., chair of the Medicare Payment Advisory Commission, as well as a member of The Commonwealth Fund Board of Directors and Commission on a High Performance Health System, appear in the November 3 issue of *Modern Healthcare*. The commentaries are also posted on the Fund's Web site, along with a Commission data brief discussing the survey findings.

Source: Commonwealth Fund

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