

# REAL HEALTH CARE REFORM IN 2009

Getting to Better Quality, Higher Value,  
and Sustainable Coverage

**B** ENGELBERG CENTER for  
**Health Care Reform**  
at BROOKINGS

## PRIORITIES FOR REFORM

*Much of today's debate about health care reform focuses primarily on strategies to increase access to coverage for the uninsured. However, meaningful improvements in health care will depend on dramatically reforming the structure of the delivery system at large – a challenge that is made more difficult by current fiscal realities. Given budget deficits, long-term fiscal projections for Medicare and Medicaid, and the state of the economy itself, it is unlikely that new revenues will be available to finance major new initiatives. Still, current circumstances should not encourage inaction; they should instead underscore the need for strategies that both address gaps in quality and efficiency and further the advances that have already been made in health status and medical innovation.*

*A sustainable health care system will require specific improvements that result in higher quality and better value. There is now growing consensus that broadening the focus of health care reform will in turn, improve the cost-effectiveness and sustainability of state and national reforms that focus more directly on coverage expansions. Since its launch in July 2007, the Engelberg Center for Health Care Reform at Brookings has played a critical leadership role not only in translating these general and admittedly lofty goals into concrete steps for action, but also in performing the analytic work that such reforms will require.*

### Priorities for Health Care Reform

The efforts underway at the Engelberg Center are focused on the following comprehensive goals for health care reform. To learn more, please visit <http://www.brookings.edu/health/projects.aspx>.

**Develop better measures of quality and cost to drive higher-value health care.** Broad-based, meaningful information about health care quality and cost will be a key component of a health care system that both pays providers on the basis of the value of the care they deliver and empowers consumers to make informed health care decisions in their own self-interest. Such measures will drive significant improvements in a system that fails to provide consistently high-quality care. To help make this goal a reality, the Engelberg Center is working to make useful and reliable information about the quality and cost of health care widely available through its High-Value Health Care Project.

**Reform payments to providers and the financing of care to promote quality and value.** There is now broad consensus that traditional fee-for-service (FFS) payment methods promote the overuse of treatments that do not lead to better health care and generate unnecessary costs. New payment systems that align provider reimbursement with improvements in care quality and efficiency should be tested and refined. Such models may include incentives to encourage providers to invest in health information technology and/or to coordinate care for their patients. This requires moving beyond prevailing models of pay-for-performance (P4P) that feature relatively modest financial bonuses layered on top of existing FFS payments. A more fundamental change is needed in provider compensation and, to that end, the Center is preparing several proposals that would reform Medicare payments to reward providers for improving efficiency, quality, and coordination of care.

**Generate better evidence on what works.** Surprisingly large gaps currently exist in what is known about the clinical effectiveness of different treatment options for specific patient populations. Even when the benefits of a particular drug, device, or procedure are well understood, it is often unclear whether they are worth the added cost. Translating evidence into the delivery of medical care is equally challenging. As new evidence is developed, health reform should include efforts to align and implement evidence-based quality and cost measures throughout the country, while permitting appropriate flexibility at the local and regional

levels. The Engelberg Center is collaborating with public and private entities to improve the science of determining the safety and effectiveness of medical products both before and after they reach the market. The Center is also taking the lead in collaborative efforts to find better ways to develop and pay for medical treatments that are targeted to particular kinds of patients.

**Encourage rapid and effective medical innovation that improves patient health.** New technologies and scientific breakthroughs such as genomics hold tremendous promise for improving patient health through more targeted, prevention-oriented, and effective care. However, in many areas, these advances have been making slow and uncertain progress from the laboratory into standard medical practice. There are many opportunities for new collaborations to update and improve the science of safe and effective product development, with the additional goal of faster and more reliable implementation. Such progress will in turn permit more effective regulation of medical products and targeting to the patients most likely to benefit from them. The Engelberg Center is collaborating with public and private entities – including patient and consumer organizations, political leaders, researchers, and the media – to improve the process of bringing new treatments to patients, particularly those with cancer, Alzheimer’s disease, and Parkinson’s disease. The purpose of these collaborative efforts is to outline a broad vision for improving the development process for disease therapies to achieve broad-based cost reductions and improvements in the predictability and effectiveness of ongoing research and development.

**Accelerate and improve reform efforts at the state and regional levels.** In the absence of large-scale national progress toward expanded affordable coverage in the current fiscal and political environment, many states are taking the lead in terms of innovative approaches to improving the delivery of care at lower costs. The Engelberg Center is convening state and national perspectives in government and the private sector to highlight states that are using multi-stakeholder and/or multi-payer approaches to improve the delivery of care, examining lessons learned and common themes, and identifying opportunities for building on best practices to develop a more robust state/national framework for delivery system reform.

**Facilitate the broader adoption of health information technology (IT) as a tool for enhancing quality, efficiency, and transparency in the health-care system.** Almost every industry uses technology in a widespread fashion to improve productivity and quality and lower costs – but health care has lagged behind. The Engelberg Center is working to change this, supporting collaborative approaches that encourage the use of technological tools that improve patient health while lowering overall costs. The goal is not to promote technology for its own sake, but to identify the financial and other barriers to its widespread and efficient use in health care. For example, the Center is working with a wide variety of groups to help develop business and operating models for increasing the adoption of interoperable health IT that will assist providers in improving quality and reducing costs. These efforts involve supporting government leadership in key areas where it is needed, such as privacy and security of electronic health information.

### **Achieving Real Health Care Reform**

America’s health care system needs significant reform and, while this change is not going to be easy, it is essential. With this in mind, the Engelberg Center, under the direction of Dr. Mark McClellan, is supporting the efforts of the Bipartisan Policy Center’s Leaders’ Project on the State of American Health Care. A framework is being developed to help advance policy solutions that can attract bipartisan support from policymakers and lay the necessary foundation for providing all Americans access to quality, affordable health coverage.

Despite the huge economic challenges facing the country, the political opportunity for reform also may be the best it has been in 15 years. Striving to reach goals that focus on improving health care delivery and promote the promise of innovative, increasingly personalized, prevention-oriented health care will help us take concrete steps toward improving both our nation’s health and its fiscal and economic outlook.