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**NEW RECOMMENDATIONS CHART PATH TO BETTER CARE
AND SUSTAINABLE COST GROWTH
ACROSS PUBLIC AND PRIVATE HEALTH SECTORS**

*Leading Experts Say Current Slow-Down in Health Spending
is Sustainable, If Proposed Reforms are Implemented Now*

Washington, D.C. – A new report from the Engelberg Center for Health Care Reform at The Brookings Institution provides a straightforward, achievable framework for sustainable cost savings in the United States’ health care system. The framework describes how to move to health care financing and regulation that focuses directly on achieving better, higher-value care for each person, enabling cost savings while promoting better quality and innovation. Unlike most of its predecessors offering changes in health care financing that focus on costs, this report lays forth tangible steps to support improvements in the way care is delivered across the entire system, ranging from improvements in Medicare and Medicaid to the private insurance market. Its group of 18 authors is comprised of leading experts who span the academic and political spectrum of health care policy, including Dan Crippen, Tom Daschle, Glenn Hubbard, Michael Leavitt, Peter Orszag, Donna Shalala, and Dr. Mark McClellan.

In “Person-Centered Health Care Reform: A Framework for Improving Care and Slowing Health Care Cost Growth,” the third report in the “Bending the Curve” series, the authors provide new ideas generated as a result of an ongoing collaboration that continued for more than a year to reach consensus on a framework that is both technically and politically sound. Their framework weaves together approaches to reform that are showing promise in different parts of the health care system, while avoiding cost-shifting or disruptions in the care that patients receive. The report was funded by a grant from the Robert Wood Johnson Foundation and with generous support from the Irene Diamond Fund.

“There’s broad agreement that something needs to be done to stem the ever-rising costs of delivering health care in the United States, but there’s also agreement that cost control can’t mean lower quality,” said Dr. Mark McClellan, director of the Engelberg Center for Health Care Reform and the Leonard D. Schaeffer Chair in Health Policy Studies. “So we started with focusing on what it would take to support better quality and better health in ways that would lead to lower costs, and we put the pieces together in an actionable roadmap.”

One of the report’s innovative proposals is to transition from Medicare’s traditional fee-for-service model to Medicare Comprehensive Care (MCC). Under the MCC model, Medicare financing becomes closely aligned with the explicit goal of measurably better, higher-value care for beneficiaries. Teams of providers deliver coordinated care and receive one payment for the entire scope of services a patient receives in the MCC organization. Furthermore, the model ties payment to the quality of the care provided and the outcomes achieved by the patient. MCC also enables providers to be paid on the basis of better care and lower costs for particular kinds of health problems and treatments. The plan reforms Medicare physician payment and gives Medicare providers financial support for implementing steps to

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improve care and lower costs. It modifies Medicare benefits and Medigap to give beneficiaries new protection against high costs and savings when they use providers that deliver high-value care.

Similarly, the report proposes to transition Medicaid from a state-by-state “waiver” program toward a financing system tied to better care and lower cost growth on a per-beneficiary basis. The Medicaid reforms provide opportunities for states to share in savings when they achieve these goals, with a comprehensive federal infrastructure to support the effective implementation of state reforms and monitor their impact on improving health.

The Medicare reforms, and reforms in Medicare Advantage and federal subsidies for private health insurance, are tied to benchmarks for improving care while achieving a spending growth target of Gross Domestic Product (GDP) plus 0 percent per capita. The estimated net savings in the overall plan—which could be scaled up or down by altering benchmarks—are around \$300 billion at the federal level over the next decade (2014 – 2023). After the proposed reforms are implemented in the coming decade, long-term savings from better care and sustainable spending growth will exceed \$1 trillion over 20 years. While this framework focuses on lower costs through supporting reforms in health care delivery, it can be combined with other reforms to achieve additional reductions in health care costs.

The report comes at a time of important breakthroughs in genomics, systems biology, and other biomedical sciences that are leading to better prevention and to innovative combinations of treatments based increasingly on each person’s characteristics. Furthermore, improvements in wireless and other technologies make it possible to prevent complications and deliver care at home and in other settings different from traditional medical care. The report shifts support for providers and patients away from paying on a fee for service basis and toward paying for coordinated care that meets each patient’s needs, to take advantage of these innovations to further the goals of person-centered care.

The report takes into account an environment where health care spending has slowed and entities in the public and private sectors are implementing promising reforms. “We want these steps to reform health care to accelerate, and the time is now to implement a full-scale, step-by-step plan to make that happen,” said former Senator Tom Daschle, currently a senior policy advisor in DLA Piper’s Government Affairs practice. “Medicare and the rest of our health care system are not yet on sound footing from either a quality or cost standpoint, and we risk a future of continued reliance on short-term cost controls or cost shifting that have not, and cannot, get us to more sustainable, innovative care .”

Changes to private insurance recommended by the authors include limiting the tax exclusion of employer-provided health insurance benefits by imposing a cap on federal subsidies that would grow at the same per capita rate as those in Medicare or the exchanges. System-wide reforms, like those that promote effective antitrust enforcement and developing more efficient medical liability systems are also put forth.

“We didn’t come into this looking to change just one piece of the system based on our own personal agendas or beliefs,” said former Utah Governor and Department of Health & Human Services Secretary Michael Leavitt, founder and chairman at Leavitt Partners. “We found that the most important common ground was on supporting better care for patients, and our plan needed to span the entire system to achieve that goal, with specificity about changes that can start happening now.”

The full report of recommendations is available at www.brookings.edu/bending-the-curve-III.

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