

Health Care Quality

Meeting the Challenge of Health Care Quality Achieve Reforms in Medicare, Quality, & Malpractice

Background

The American public has a right to expect all Presidential candidates to address certain specific health system shortcomings, including the need to reform Medicare, improve quality, and tackle medical malpractice reform. Each of these issues has figured prominently in recent political debates.

Medicare threatens large and growing federal budget deficits as baby boomers retire or become disabled. Scientific advances that can reduce the number of needless deaths and injuries that result from shortcomings in the quality of health care will not come cheaply, and many will require revolutionary change in the way health care is delivered. The compensation system for victims of medical malpractice is widely recognized as flawed, but the most commonly suggested solution—a cap on awards for non-economic damages—could actually worsen problems with the current system.

Recommendations

Presidential candidates may take various positions on these issues. Although the outcome of many policy initiatives is uncertain, some specific recommendations are warranted in each area:

- Medicare reform—with respect to the "Part D" prescription drug benefit— Policy options include allowing Medicare to select, through a competitive bidding process, a single pharmacy benefits management company for each region of the country and standardize plan offerings so that consumers do not have such a bewildering array of options.
- Quality improvement—Policy options include encouraging development of cost-effective approaches to personalized medicine, tailored to the individual patient's specific makeup
- Malpractice reform—Policy options include supporting a streamlined dispute resolution system that would more fairly compensate a larger proportion of patients injured by negligent health care providers.

Key Facts

- tens of thousands of patients die or suffer injury from avoidable medical errors. About half the time, patients simply do not receive the treatments recommended for their condition
- the lack of coordination between Medicare and Medicaid degrades quality of care
- the cost of malpractice insurance fell from 1986 through 2000 by an average of about 10 percent for all physicians and by larger proportions for the highrisk specialties of surgery, obstetrics-gynecology, and anesthesiology

A full version of this proposal, as well as supporting background material, is available at www.opportunity08.org.

About the Authors and the Project

Henry J. Aaron

Henry J. Aaron has been a senior fellow at Brookings since 1968. He is an expert on health care cost, financing, and rationing. He served as an assistant secretary at the Department of Health, Education, and Welfare under the Carter Administration. Aaron is a member of the Institute of Medicine.

Joseph P. Newhouse

Joseph P. Newhouse has been the John D. MacArthur Professor of Health Policy and Management at Harvard University since 1988. Dr. Newhouse is also the editor of the Journal of Health Economics, which he founded in 1981. He is also a faculty research associate of the National Bureau of Economic Research and a member of the Institute of Medicine of the National Academy of Sciences.

Opportunity 08 aims to help 2008 presidential candidates and the public focus on critical issues facing the nation, presenting policy ideas on a wide array of domestic and foreign policy questions. The project is committed to providing both independent policy solutions and background material on issues of concern to voters.