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Path to A High Performance Health System: A 2020 Vision and How to Get There

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Growth in Health Spending?
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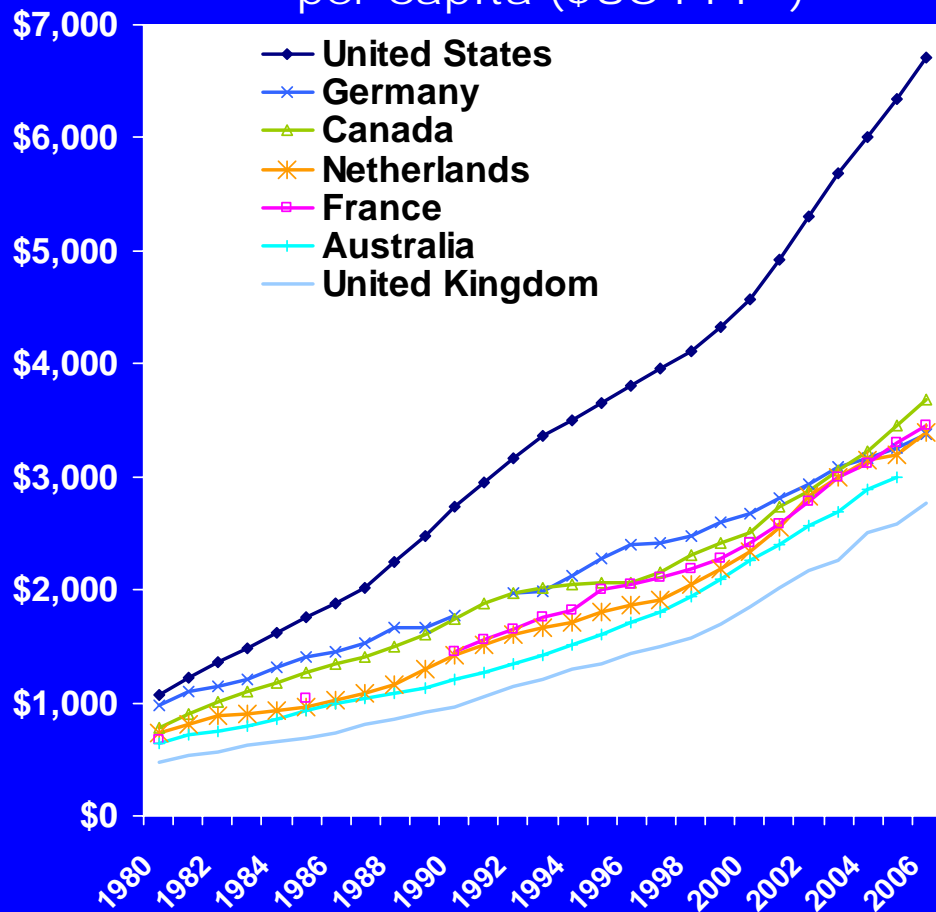
Need for New Directions – 2020 Vision

- **Can't afford to continue on current path**
 - Rising numbers of uninsured and underinsured
 - U.S. National Health Spending projected to double, increase to \$5.2 trillion, 21% GDP by 2020
 - Poor performance: wide variations in quality, efficiency, and often low performance
- **A 2020 Vision of a High Performance Health System**
 - Triple Aim: better health outcomes, better patient experiences, high value with slower cost growth
 - Patient-centered, accessible, well-coordinated and high quality health care delivery system
 - Focus on health, disease prevention, and value
 - Continuous learning, innovation

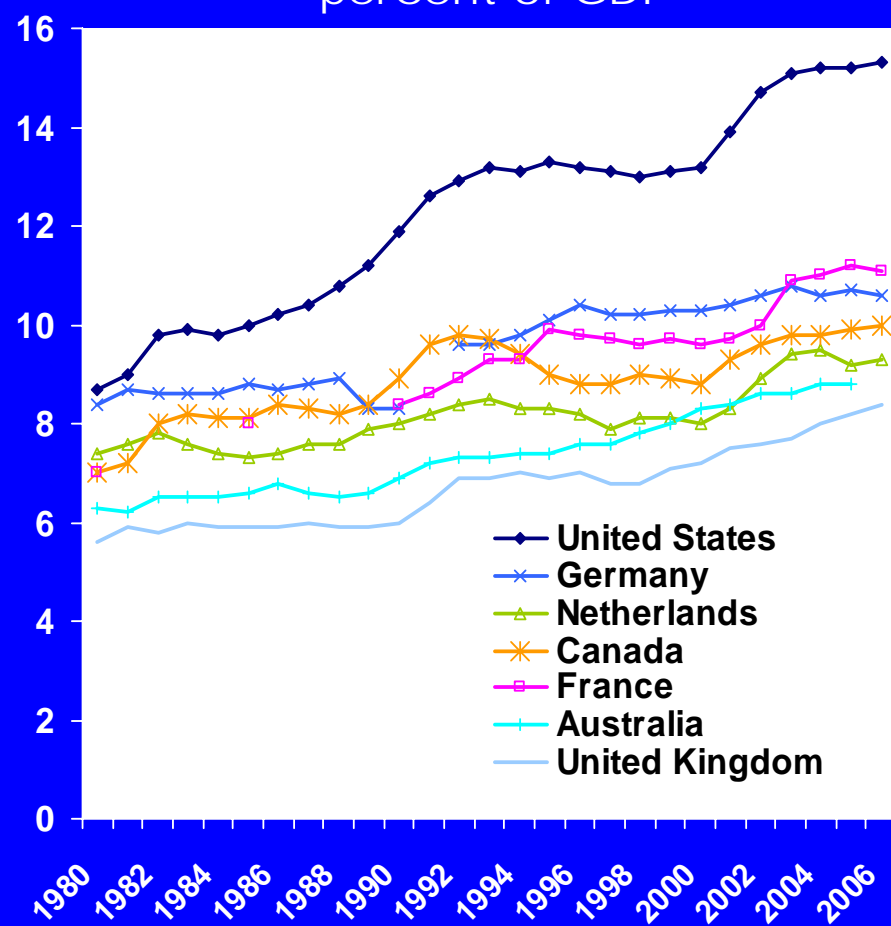


International Comparison of Spending on Health, 1980-2006

Average spending on health per capita (\$US PPP*)



Total expenditures on health as percent of GDP



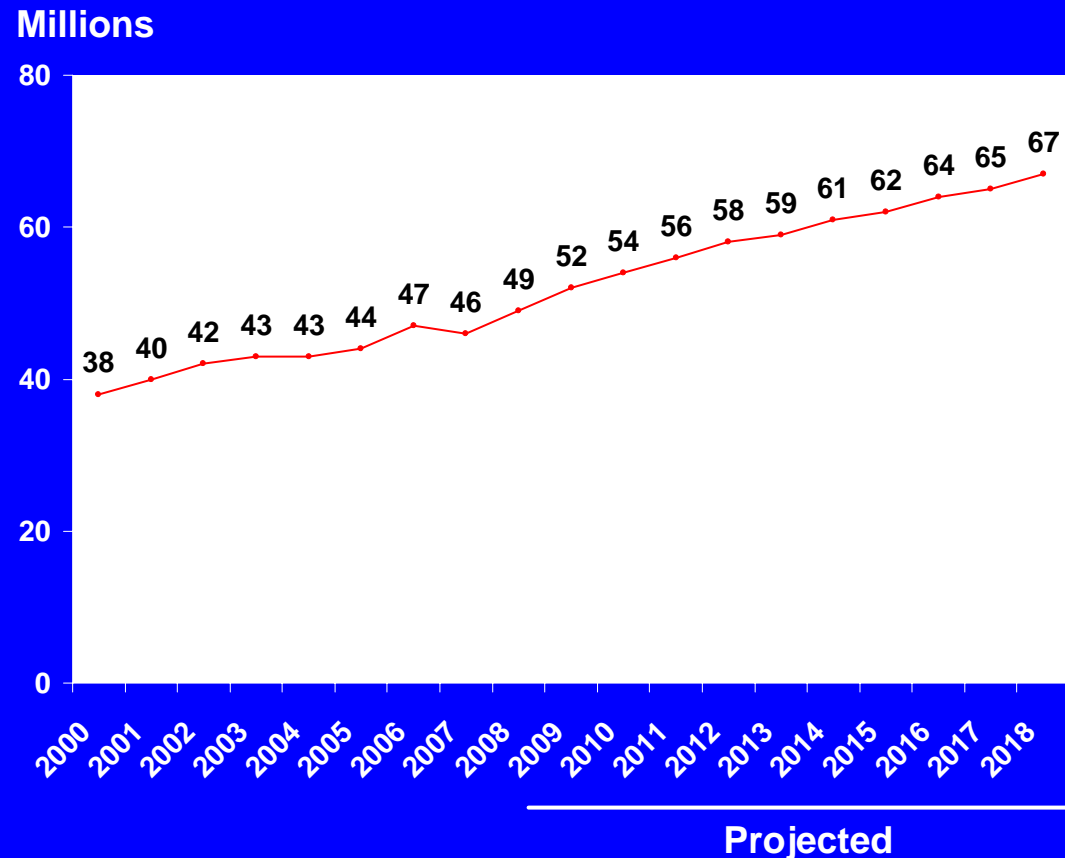
* PPP=Purchasing Power Parity.
Source: OECD Health Data 2008, Version 06/2008.



Increase in Numbers Uninsured and Underinsured

Number of Uninsured, 2000–2018

- **Rising numbers of uninsured projected to continue**
- **25 million adults underinsured in 2007, 60 percent increase since 2003**
- **Two of five adults either uninsured or underinsured**



Source: EBRI analysis of 2001–2009 Census CPS March Supplements; Burman et al., Analysis of 2008 Presidential Candidates' Plans August 2008, Urban Institute and Brookings Tax Policy Center, 2008; Schoen et al., "How Many Are Underinsured? Trends Among U.S. Adults, 2003 and 2007," *Health Affairs* June 10, 2008.



Triple Aim Requires Integrated Policies

- **Comprehensive “system” approach to improve health, experiences, and value is necessary**
- **Integrated set of policies:**
 - **Insurance reforms to extend coverage to all to ensure access *and* provide foundation for reforms**
 - **Payment reforms to stimulate high value, accountable, efficient care systems**
 - **Support and incentives for value not volume**
 - **System reforms to invest in infrastructure for innovation and to prevent disease, promote population health**
- **Dynamic path to high performance and value**

Path to High Performance: Key Strategies



- ***Affordable coverage for all: foundation for payment and system reforms***
- ***Align incentives to enhance value: payment reform***
 - Primary care and spread of “medical homes”
 - Move from fee-for-service to more bundled payment, with accountability
 - Align pricing signals to focus on value
- ***Aim high to improve quality and health outcomes***
 - Information: health information technology; Center for Comparative Effectiveness; all-population data
 - Chronic disease and population health initiatives
- ***Accountable, patient-centered, coordinated care***
- ***Leadership and collaboration***



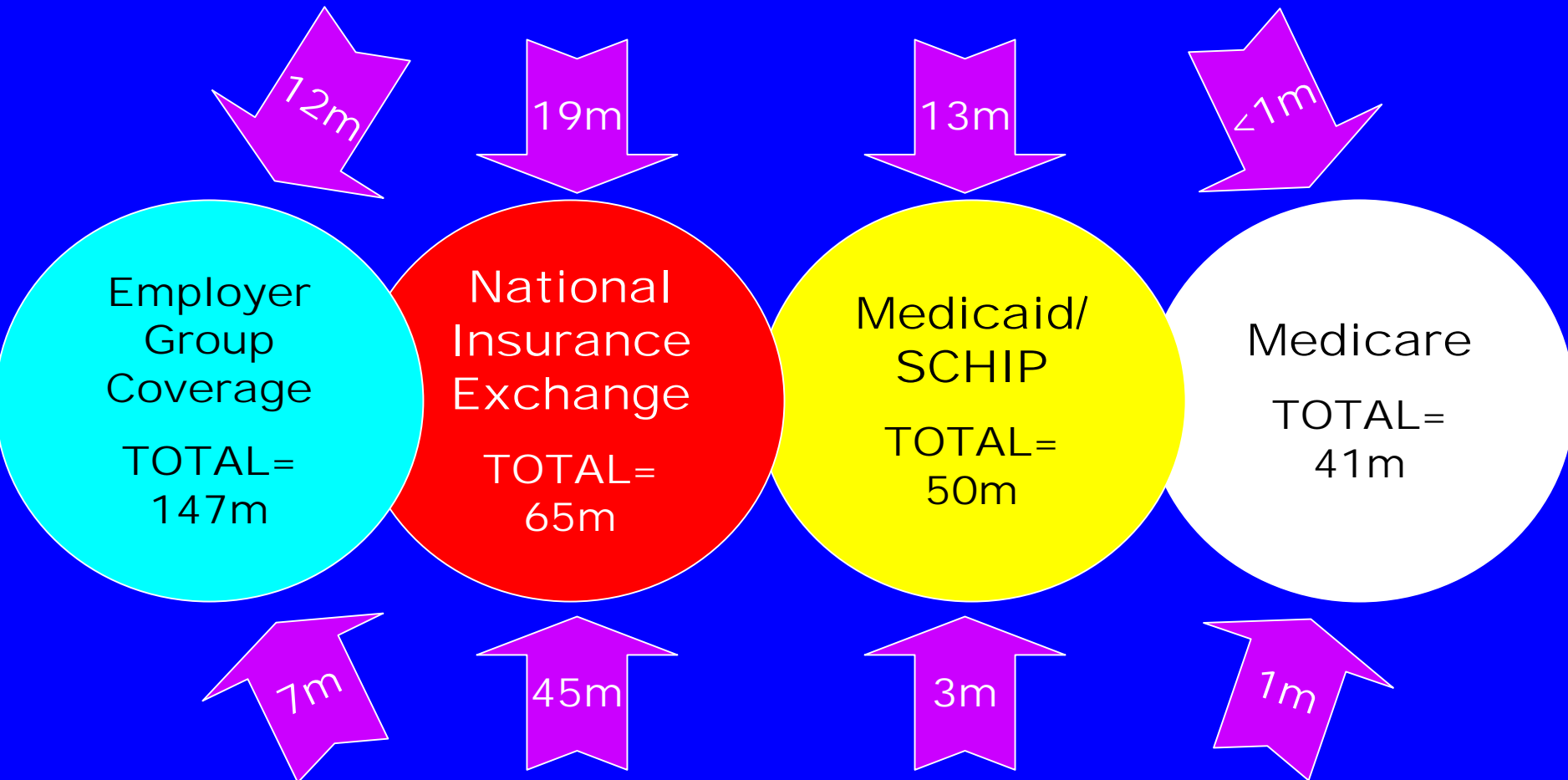
Achieving Universal Coverage: A “Building Blocks” Approach ⁷

- **Build on public programs and employer coverage**
- **New national insurance exchange: offers private plans and new Medicare-sponsored public plan option**
 - **Public plan: revised benefits and payment methods**
 - **Low administrative overhead**
- **All required to have coverage with affordability**
 - **Low income programs expanded**
 - **Income-related premium assistance**
- **Shared responsibility for financing**
- **Insurance market reforms**
 - **Guaranteed issue, renewal and community rating**
 - **Public comparisons; standardized format**
- **Insurers compete on basis of value-added**



High Performance System Foundation: Automatic and Affordable Health Insurance For All in 2010

New Coverage for 45 Million Uninsured



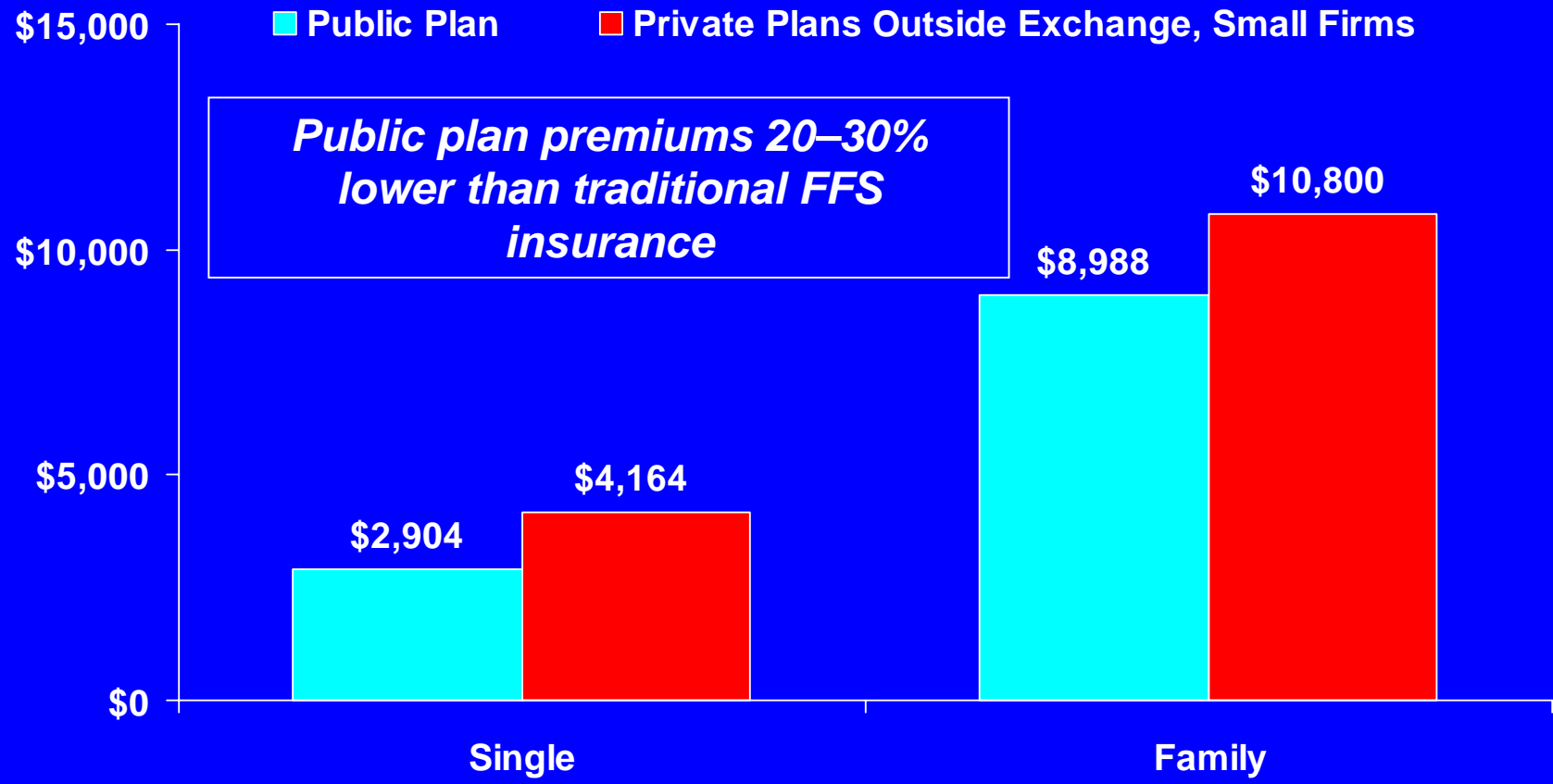
Improved or More Affordable Coverage for 57 Million Insured

Data: Preliminary estimates by The Lewin Group if national exchange available to individuals and small firms.
Source: *Path to a High Performance Health System: A 2020 Vision and the Policies to Pave the Way*, February 2009.



Estimated Premiums for New Public Plan Compared to Average Individual/Small Employer Private Market, 2010

Average Annual Premium 2010 for Equivalent Benefits at Community Rate*



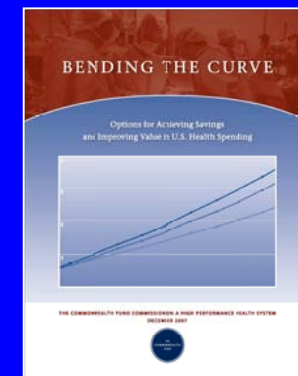
Public plan premiums 20–30% lower than traditional FFS insurance

* Benefits modeled: Full coverage preventive care; \$250 individual/\$500 family deductible; 10% coinsurance for physician; RX: no deductible, 25% coinsurance -reduced for high-value; \$5,000 individual/\$7,000 family OOP limit. Data: Preliminary estimates by The Lewin Group for The Commonwealth Fund.

Source: *Path to a High Performance Health System: A 2020 Vision and Policies to Pave the Way*, forthcoming 2/19/09.



Policies to Slow Cost Growth and Improve Value



Cumulative 10-Year Savings, 2008–2017:

Aligning Incentives with Quality and Efficiency

- Strengthening Primary Care and Care Coordination - \$194 billion
- Episode-of-Care Payment - \$229 billion

Correcting Price Signals in the Health Care Market

- Reset Benchmarks for Medicare Advantage Plans - \$50 billion
- Negotiated Prescription Drug Prices - \$43 billion
- Limit Payment Updates in High-Cost Areas - \$158 billion

Producing and Using Better Information

- Promoting Health Information Technology - \$88 billion
- Center for Medical Effectiveness - \$368 billion

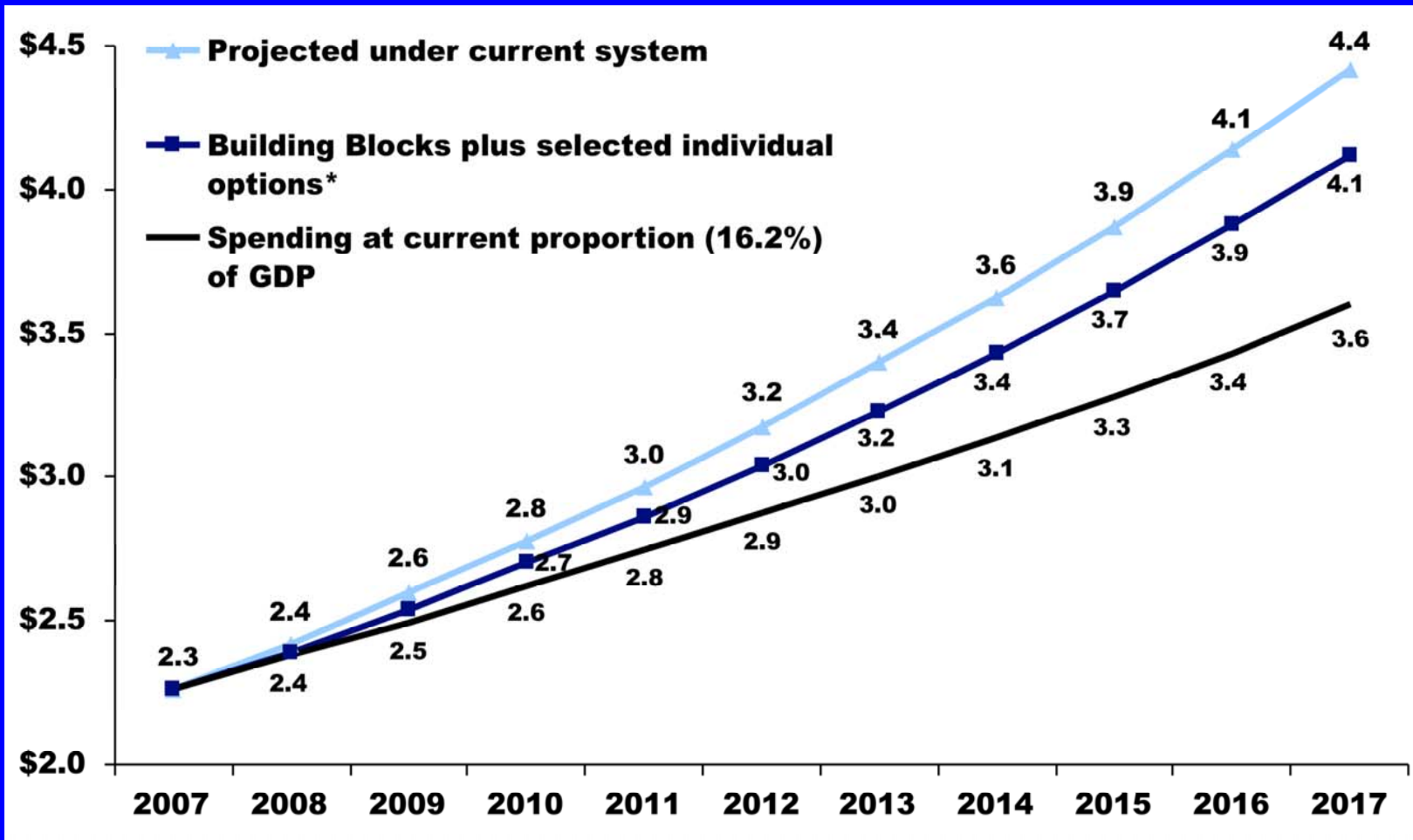
Promoting Health and Disease Prevention

- Public Health: Reducing Tobacco Use - \$191 billion
- Public Health: Reducing Obesity - \$283 billion



Total National Health Expenditures, 2008-2017 Projected and Various Scenarios

Dollars in trillions



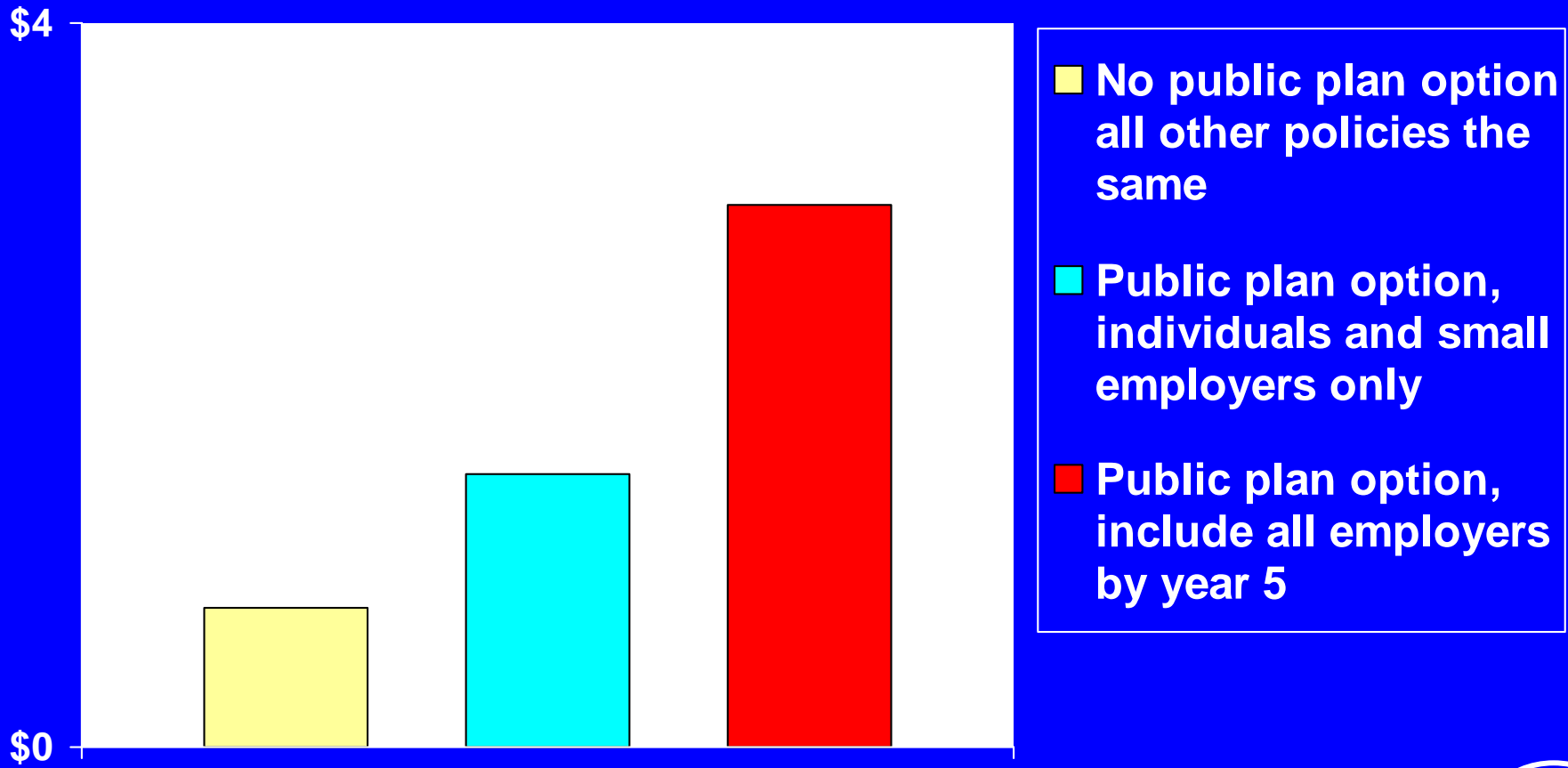
* Selected individual options include improved information, payment reform, and public health.

Source: C. Schoen et al., *Bending the Curve: Options for Achieving Savings and Improving Value in U.S. Health Spending*, The Commonwealth Fund, December 2007.



Three Insurance Exchange Scenarios: 2010–2020 Cumulative 11-Year Savings in National Expenditures

**Cumulative National Health Expenditures 2010–2020
Savings Compared to Baseline (in \$ Trillions)**



Data: Preliminary estimates by The Lewin Group for The Commonwealth Fund.
Source: *Path to a High Performance Health System: A 2020 Vision and the Policies to Pave the Way*, forthcoming Feb.19, 2009.



Taking the Path to High Performance

- **It is possible to insure everyone and achieve better health outcomes with slower cost growth**
- **An integrated approach with bold policies offers potential for major gains**
 - **Coherent policies interact to support innovation**
 - **Investing in information supports payment, insurance, and care delivery system reforms**
 - **Savings could offset federal costs**
- **Leadership will be critical**
 - **Effective coverage and payment reforms will require shifts from the status quo**
 - **We need leadership with authority to act, goals and collaboration across public/private sectors**
- **Urgent to start now to put the U.S. on a path to a high performance, high-value health system**
 - **The stakes are high if we fail to act**

Aiming High To Improve Access, Health and Economic Security

Coverage + payment + system reforms
could pave way to a 2020 Vision of A
High Performance Health System



*Path to A High Performance U.S. Health System: A 2020
Vision and the Policies to Pave the Way, forthcoming*
February 19, 2009



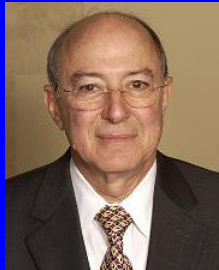
Thank You!



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