



## **Key Elements of Health Reform for Patients and Consumers** **July 2008**

Health care is central to the well-being of women and families. It is a key determinant of their quality of life, their economic security, and their ability to thrive, prosper, and participate in our society. Indeed, ensuring that *all* individuals have access to quality health care will be a key determinant of our nation's vitality.

Our health care system is unraveling. We can no longer tinker around the edges. We need comprehensive reform, which must begin by acknowledging that the quality of care is unacceptable, that costs are unsustainable, and the failure to provide coverage to millions of people is inconsistent with our values as a nation.

### **Meaningful Reform Must Address Quality, Cost and Coverage**

The foundation for meaningful reform lies in shared recognition that current quality is unacceptable, costs are unsustainable, and the lack of coverage is inconsistent with basic American values. Meaningful reform must recognize that quality, cost, and coverage are inextricably linked and inseparable in our quest to achieve a health care system that delivers quality, affordable health care for all.

### **Unsustainable Costs Make Care Unaffordable**

There is no question that the continuing escalation of health care costs is not sustainable. The burden of cost is shared by all but falls most heavily on consumers. From 1999 to 2007, average employee contributions to their health insurance rose by 102 percent, while average wages only increased by 3 percent. Even worse, all the money we are spending isn't buying us better health. Whether it's the wrong diagnosis, the wrong operation, the wrong medication – preventable medical errors kill more than 180,000 Americans each year. For women and people of color, quality care is even further out of reach.

### **Poor Quality Has High Cost – 1/3 of Health Care Dollars Wasted and Deplete Resources Available to Expand Coverage**

These quality problems not only have human costs – there are also huge financial costs. A full one-third of our health care spending is wasted on medical mistakes and poor quality care, and billions of dollars are lost while millions go uninsured.

## **We Can Realign Payment Incentives to Improve Quality and Control Costs**

The payment system itself is actually *driving* both these cost and quality problems. We have a payment system that rewards volume regardless of quality or outcomes. It is a system that pays for procedures and services regardless of whether they are appropriate or needed. It is a system that values expensive technology over patient-centered care, and pays for acute care but not the primary and preventive care that keeps people from getting sick in the first place. It is a system that pays the same whether the quality is good or not.

To get to better quality, we don't need to pay *more*, we need to pay *smarter*, and by paying smarter, we can change the way care is delivered, improve quality, and have more resources to expand coverage. We can re-align incentives to drive quality improvement and foster better use of our health care resources.

## **The Path Forward – Putting Patients First**

Providing high quality, patient-centered care should be the goal that guides both changes in payment and the redesign of the delivery system. It means designing a system that focuses on ensuring that every patient gets the **right care, at the right time, for the right reason**. Ironically, putting the patient first requires a major paradigm shift for our current system. It calls for significant change both in what we provide and how we provide it.

There are five areas essential to achieving these goals:

1. Enhance Primary and Preventive Care. Access to good primary care is proven to keep people healthier, improve patients' experience with the health system, and reduce overall health spending. One compelling and promising approach is the "patient-centered medical (or health) home." At its most optimal, the medical home is envisioned as a way to provide a comprehensive, continuous source of primary care for people of all ages and conditions. There is emerging evidence that when individuals have access to a medical home, racial and ethnic disparities in access and quality are reduced or even eliminated. And the savings can be significant. In North Carolina, the medical home initiative in the Medicaid program saved \$231 million in the first two years. However, this approach will only succeed if we can ensure that it is truly patient-centered, crafted in a way that benefits patients and families first and foremost, and is embraced by consumers as an effective way to receive health care.
2. Measure-Report-Reward. We need a more transparent and accountable health care system. This means we need to measure the quality of care patients receive, publicly report the results, and reward providers who deliver high value care.

Collecting good data on race, ethnicity, and language along with quality metrics can drive significant improvements in the care received by people of color, enabling providers to better understand their patient populations, track how they are doing on quality metrics, and pinpoint and address problem areas.

If the Medicare program moves away from simple fee-for-service, and towards paying for the delivery of appropriate, high quality, efficient, equitable, and patient-centered care, other purchasers will follow. Incentives should be based on provider performance and should promote savings by rewarding care that is clinically effective. It also means not paying for bad care.

3. Adopt Health Information Technology. We need comprehensive adoption of interoperable, secure and confidential health information technology and exchange (HIT). It is the essential platform for transparency. It will speed the use of quality measures and facilitate public reporting of quality information that is meaningful to providers, patients, and payers. It will also accelerate clinical decision support that can improve quality and safety. We have the technology available to ensure that accurate and actionable medical information is available in a secure and private form when and where it is needed, for both patients and clinicians.
4. Know What Works. Comparative effectiveness research is essential to reforming our delivery system. We must foster and support better and more reliable information about the effectiveness of care, including the relative benefits, risks, and costs of treatments and services for different populations of patients. We need a robust federal commitment to this research so that health professionals can ensure each patient gets the care that's right for them. We need it as a nation, to meet the urgent imperative to allocate our health care resources more effectively. We need it so that doctors and other health professionals can better understand the relative merits of diagnosis and treatment options, and we need it as consumers, so we can make the best possible decisions for ourselves and our families, and spend our health care dollars as wisely as possible.
5. Empower Patients. We need a health care delivery system that helps empower patients to recognize and demand high quality care, to make sound health care decisions, and to become true partners – with their physicians – in managing their own care.
  - *Information on Cost and Quality.* We need a transparent health care system that makes meaningful and reliable information about quality and cost available to consumers. Consumers have a right to information about the quality, cost, and relative effectiveness of the providers and treatments they choose, but today they are forced to make most of these decisions in the dark. We cannot expect consumers to make wise decisions about how to spend their health care dollars without the right information.
  - *Better Benefit Design.* We need to design benefits that give consumers incentives to make truly value-based decisions. That means ensuring that consumers have information about cost and quality and that incentives aren't simply designed to encourage consumers to choose the cheapest care. Incentives can also encourage consumers to seek out the primary and preventive care that will keep them well, to choose the highest value care when they get sick, and to support their efforts to effectively manage their chronic conditions. Benefit re-design based on value can dramatically achieve both better health outcomes and lower costs

- *Cultural Effectiveness and Language Access.* Patient-centered care also means encouraging physicians and other health care professionals to provide care that is culturally effective and linguistically appropriate. By 2050, the majority of the U.S. population will consist of people of color. Cultural and language barriers are key factors in the widening of racial and ethnic disparities. Research shows that when providers are sensitive to the cultural needs and preferences of their patients, care is of higher quality and results in improved health outcomes.
- *Shared Decision-Making.* To truly transform our delivery system into one centered on the patient, we need to develop better tools and approaches to help consumers make decisions about their care. These tools can provide patients with evidence-based, unbiased information about their range of treatment options. They can enable patients to weigh the pros and cons, costs and benefits, and make a decision about their care that is consistent with their personal circumstances and values. There is growing evidence that when consumers have accurate information about treatment options and alternatives, they tend to make more conservative, less invasive, and less costly decisions. And those decisions often result in better outcomes. Without this kind of information, most patients rely on their doctors, whose recommendations may be rooted in practice patterns that reinforce the “more is better” mindset that permeates our health care system.

### **About the National Partnership**

The National Partnership for Women & Families is a non-profit, non-partisan advocacy group dedicated to promoting fairness in the workplace, access to quality health care and policies that help Americans balance work and family responsibilities. More information is available at <http://www.nationalpartnership.org/>.