

HEALTH POLICY PLATFORM

Summary Statement

The Health Policy Platform of The Alliance focuses on the goal of increasing health care value - “bending the trend” of health care costs while improving the quality and safety of care. Much of the health policy debate to date has focused on the issues of how health care should be paid for and who should be covered. While financing and access are important issues, addressing these concerns without also addressing the underlying root causes of poor quality, waste and inefficiency will only exacerbate the current health care crisis. Our platform recognizes the significant leverage that employers can exercise as the purchasers of health care services; they, along with consumers, providers and the government, play a critical role in addressing cost and improving our systems of care and coverage.

PLANK ONE: Cost and Quality Transparency - The Prerequisite to Meaningful Change in Health Care

The problem: There is abundant evidence that serious and extensive quality problems exist throughout the U.S. health care system as well as here in Wisconsin. Moreover, a growing number of studies as well as our own analysis demonstrate that cost and quality are not correlated. That is, high quality care is not necessarily more expensive and paying more does not mean better outcomes.

Toward a solution: Quality Transparency - public reporting of meaningful and actionable quality information is a critical prerequisite to improving the value of health care. Publicly reported information enables purchasers and consumers to make informed decisions and acts as a powerful catalyst for providers to improve. We believe quality information must:

- Be publicly reported.
- Be meaningful to consumers. Information should address aspects of care and performance that matter to health outcomes/results.
- Allow for a side-by-side comparison of one facility or health care professional to another.
- Be based on the best available measures without waiting for “perfect” measures. The standard of perfect measurement can be our aspiration, but this standard should not be used to preclude the use of good information.
- Be developed using methods that are transparent to providers and consumers, including the method to account for differences in patient severity of illness (risk adjustment), when appropriate. The way in which quality is defined and measured should be available for review by those being measured and those who use the results.

Cost Transparency: Consumers need both cost and quality information to assess health care value. For those with health benefits/insurance, the most appropriate source for meaningful comparative cost information is the entity that holds the contracts with providers. For consumers without insurance, the responsibility for cost transparency should rest with providers.

Both cost and quality information should be continuously evolved and improved with the goal of reaching physician-specific reporting.

PLANK TWO: Aligning Incentives for Providers - Redesigning Payment Mechanisms to Promote Better Value

The problem: A study by the World Health Organization finds that the United States spends more than twice as much on each person for health care as most other industrialized countries. At the same time, the U.S. has fallen to last place among those countries in preventing deaths through use of timely and effective medical care. Contributing to this problem is the fact that most medical professionals and hospitals are paid for doing more services and procedures regardless of the quality or appropriateness of that care. And rather than being paid to prevent problems, they are paid to fix them, including those caused by the health care system itself.

Toward a solution:

- Public and private purchasers should agree upon and use the same metrics to assess performance.
- Purchasers (public and private sector) should redesign reimbursement mechanisms to pay for results rather than the quantity of procedures and



services provided. Payment mechanisms should discourage high-cost, low-quality and unnecessary care delivered in inefficient settings.

- Health care professionals should be fairly compensated for preventive care, time spent coaching patients and coordinating care.
 - Experiments and demonstration projects regarding the impact of reimbursement redesign and use of incentives on the pace of improvement should be funded, conducted, documented and disseminated to speed adoption of effective strategies.
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PLANK THREE: Supporting Consumers

The Problem: Individuals are responsible for making significant decisions about their health and health care. And they are increasingly bearing more of the financial burden. Yet most lack sufficient information and support to be effective in the role of “informed health care consumer”. The consequence is confusion, waste, inefficiency and poorer outcomes than would otherwise be the case.

Toward a solution:

- Broad-based education should be provided to clarify and underscore the role that individuals play in their health and health care.
 - Information to compare quality and cost of providers and treatment options should be made readily available in user-friendly formats.
 - Benefit plans and programs, including the use of incentives, should be designed to encourage consumers to adopt healthy lifestyles and use health care services appropriately.
 - Experiments and demonstration projects regarding the impact of these strategies on consumer behavior and decision-making should be funded, conducted, documented and disseminated to speed adoption of effective options.
 - Consumers should have a trusted resource for unbiased, reliable information about the health system, including treatment options, health benefits and financing options.
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PLANK FOUR: The Health Care Marketplace - Preserve What Works, Fix What Doesn't and Remain Open to Change

The Problem: Health care is a complex, interdependent industry representing 16% of GDP. There is broad agreement that the system covers too few, costs too much and does not deliver consistently high quality care. The steps to reform health care, whether incremental or sweeping, should balance the significant direct and indirect impact of changes on our health and our economy against the consequences of inaction. Ultimately, reform must address the goal of building greater value in health care.

Pending a Solution: Unless and until alternative delivery and financing mechanisms are established that promise greater value, employer-sponsored health care mechanisms should be protected and preserved. Among these:

- Self-funding - Employers should have the option to self-fund health benefits for their employees. Self-funding creates strong alignment between employers and employees to encourage appropriate health care utilization and to promote healthy lifestyles.
- Preservation of ERISA - Employers should have the flexibility to design and administer a consistent set of health benefits for their employees regardless of what state they live and work in.