

How States Can Make Health Care Better and More Affordable

Keep people healthy

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| Health care spending is largely devoted to treating acute (overdose, accidents, gun violence) and chronic conditions (heart disease, cancer, liver disease) many of which could be prevented. | Implement proven public health approaches to health promotion and disease prevention. Strengthen incentives for health care organizations to keep people healthy. |
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Strengthen primary care

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| The US has developed a specialist and technology dominated health care system reinforced by payment models that reward procedures and facility-based care. Primary care is essential but seriously threatened. | Provide universal insurance that assures access to primary care. Increase share of spending devoted to primary. Shift to payment models that enable innovation and team-based care models. |
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Establish state level accountability and mechanisms to control avoidable health care cost growth through evaluation and regulation

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| Total Cost of care: Without an aim and ability to measure performance, improvement is impossible. No one is responsible for understanding the drivers of cost growth and waste. Opportunities to improve are missed. | Establish a state target for health care cost growth. Build the evaluative capacity to monitor performance and identify opportunities to improve. Adjust targets and develop policy recommendations as needed. |
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| Hospitals account for the largest share of spending. Current payment models incentivize unnecessary use and duplication of services (in overbuilt markets) and cannot support needed services in others (rural areas) | Adopt global budgets for hospitals that ensure adequate local and regional access to essential facilities and services. Gradually shift resources to primary care and population health improvement where possible. |
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| Health care delivery remains fragmented with little or no provider level incentives to improve and coordinate care. Fee-for-service remains dominant and limits opportunity for redesign. | All payers should be required to adopt aligned payment models to primary care focused organizations able to deliver comprehensive coordinated care with accountability for the quality and total cost of health care delivery. |
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| Prices. Monopoly power is growing across all sectors: health systems, hospitals, medical groups, prescription drugs and health plans. Prices are the major cause of variations in commercial spending. | Adopt policies to preserve competition where possible (mergers and acquisitions). Where not possible, implement policies to regulate prices across all sectors. |
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Address the collective action and inertia problems

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| Special interests show up. The public has limited attention. Most legislators have limited time or knowledge. The executive branch turns over frequently, which can risk undermining reform. The process of health care reform itself lacks the capacity to learn and adapt. | Establish (or strengthen) independent agency charged with advancing reform goals by: evaluating progress, engaging public and working with executive branch and others to translate evaluative insight (led by GMCB) into actionable regulatory and legislative reforms (led by AHS). |
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