



The Path to a High Performance U.S. Health System

Synopsis

Spurred on by the recognition that the United States is on an unsustainable trajectory for health spending at the same time that the numbers of uninsured and underinsured continue to rise, the Commonwealth Fund Commission on a High Performance Health System released a new report demonstrating that it is possible to achieve affordable, universal coverage while improving health outcomes and slowing the rate of national health spending, by a cumulative \$3 trillion through 2020.

What Are the 'Path' Reforms?

The report, *The Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way*, describes a comprehensive set of insurance, payment, and system reforms that, if implemented together, would produce savings that could offset the federal investment required. The policy recommendations encompass five strategies that the Commission sees as critical to achieving a high-performing health system:

- 1. Extending affordable coverage to all** by establishing a national health insurance exchange and offering, in addition to private insurance plans, a new public health plan option to provide more affordable choices for employers and families.
- 2. Aligning incentives** in health care payment policies to emphasize value over volume by supporting greater collaboration among providers and more accountability for patient outcomes.
- 3. Promoting accountable, accessible, patient-centered, and coordinated care** by moving away from fragmented health care delivery and toward a more organized system that patients can easily navigate, that ensures access to a personal source of care, and that holds providers accountable for quality across the continuum of care.
- 4. Aiming high to improve quality and health outcomes** by investing in public health, disease prevention, and health system infrastructure—including health information technology—to improve the availability, quality, and usefulness of information for health care decision-making.
- 5. Ensuring accountable leadership and collaboration to set and achieve national goals** by enabling insurance programs to serve as prudent purchasers of care and by putting in place policies that coordinate activities of the public and private sectors.

A central recommendation of the *Path* report is to build on the strengths of the private–public model of insurance used in the United States by establishing a national health insurance exchange that guarantees access to coverage through a choice of private plans or a new public health insurance plan option. The new public plan would serve as a conduit for spreading payment and system reforms, enable the establishment of a coherent set of incentives, accelerate health system savings, and increase value in health care spending. The insurance exchange and market reforms would also reduce administrative costs and complexity and help steer competitive market forces in the public interest. Private plans would operate in a market that facilitates choice and enrollment, reduces churning in enrollment and keeps marketing costs down, and eliminates the need to pay higher rates to providers that now deliver uncompensated care to the uninsured or underinsured.

Impact of Reforms on Coverage

Taken as a whole, the options in the *Path* report would achieve near-universal health coverage while also ensuring access, improving continuity of care, and lowering insurance premiums. By 2012, the number of uninsured would decline to 4 million people, less than 1 percent of the population. More than 130 million people would have access to more comprehensive and affordable coverage.

Impact of Reforms on Health Spending

The integrated policies modeled in the *Path* report could slow the rate of growth in national health spending from 6.7 percent to 5.5 percent over the 2010–2020 period. Reducing the growth rate would yield cumulative savings

of \$3 trillion over the decade, compared with current projections. The savings would accrue to state and local governments, which would save \$1 trillion over this period; employers, which would save \$231 billion; and families, who would save \$2.3 trillion, with households averaging \$2,300 in lower annual spending by 2020.

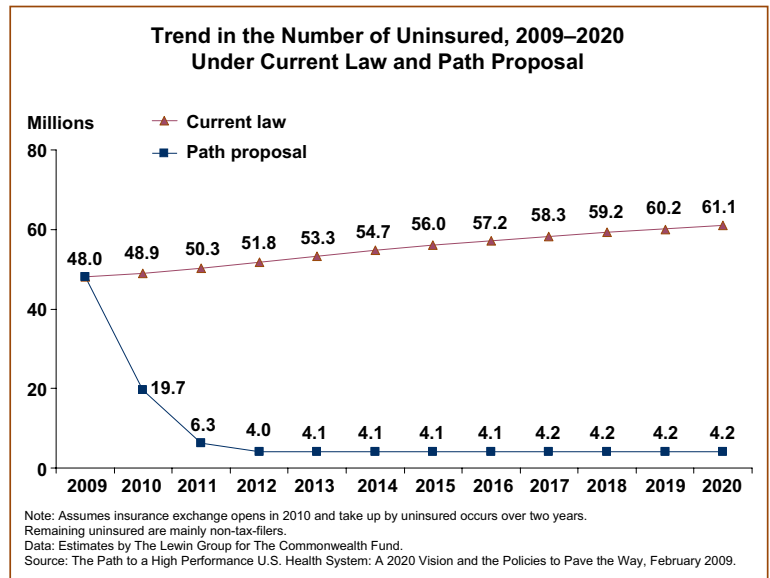
The federal government, the central source of financing for coverage expansion, would see cumulative net costs of \$593 billion over 2010–2020, with the majority of the costs coming in the early years. The initial federal investment would yield a substantial return for the nation: by 2020, it would offset nearly all the increase in annual federal spending over baseline projections.

Conclusion

The *Path* report shows that it is possible to ensure that everyone has coverage, improve health, and significantly slow spending growth. Doing so, however, will require a systems-based approach. And reforms must start now. Especially in the current economic climate, the nation can ill afford ever-increasing health costs, eroding insurance coverage, and quality of care that fails to meet Americans' expectations.

For more information, read *The Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way* (New York: The Commonwealth Fund Commission on a High Performance Health System, Feb. 2009).

This summary was prepared by Rachel Nuzum, M.P.H., senior policy director for The Commonwealth Fund. She works out of the Fund's Washington, D.C., office and can be reached at rn@cmwf.org



Major Sources of Savings Compared with Projected Spending, Net Cumulative Reduction of National Health Expenditures, 2010–2020

Affordable Coverage for All: Ensuring Access and Providing a Foundation for System Reform

- Net costs of insurance expansion -\$94 billion
- Reduced administrative costs -\$337 billion

Payment Reform: Aligning Incentives to Enhance Value

- Enhancing payment for primary care -\$71 billion
- Encouraging adoption of the medical home model -\$175 billion
- Bundled payment for acute care episodes -\$301 billion
- Correcting price signals -\$464 billion

Improving Quality and Health Outcomes: Investing in Infrastructure and Public Health Policies to Aim Higher

- Accelerating the spread and use of HIT -\$261 billion
- Center for Comparative Effectiveness -\$634 billion
- Reducing tobacco use -\$255 billion
- Reducing obesity -\$406 billion

Total Net Impact on National Health Expenditures, 2010–2020 -\$2,998 billion

Data: Estimates by The Lewin Group for The Commonwealth Fund.
Source: The Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way, February 2009.