

GRANT WATCH: REPORT

Toward A High Performance Health System: The Commonwealth Fund's New Commission

The commission will monitor insurance coverage, quality of care, and health system efficiency.

by Karen Davis

ABSTRACT: Continuing its historical role of bridging the worlds of health services research and health policy, the Commonwealth Fund recently established the Commission on a High Performance Health System to stimulate transformation at this critical juncture in U.S. health care. Double-digit increases in health insurance premiums, rising numbers of people without insurance, and unequal access to safe, effective care indicate the strong need for improved health system performance. Through coordinated program components focused on coverage, quality, and efficiency, the commission seeks to forge consensus on policy options and to spread innovation, making high-quality health care accessible and affordable for all Americans.

AT PIVOTAL MOMENTS in U.S. history, foundation-sponsored commissions have taken a comprehensive look at the health care system and pointed the way toward transformation. The Flexner Commission, sponsored by the Carnegie Foundation for the Advancement of Teaching, led to the closing of for-profit medical schools and a substantial upgrading of the quality of medical education following its 1910 report.¹ The Committee on the Cost of Medical Care, sponsored by the Milbank Memorial Fund, the Rockefeller Foundation, and the Carnegie Corporation, produced a comprehensive analysis of the U.S. health care system in 1932 and called for the growth of prepaid group practice and voluntary health insurance—a recommendation that was instrumental in the formation of Blue Cross.² The Commission on Hospital Care, funded in 1942 by the Commonwealth Fund, W.K. Kellogg Foundation, and National Foundation on Infantile

Paralysis, was the most influential health policy commission leading to enactment of the 1946 Hill-Burton Act, which helped expand and modernize our health care system's basic infrastructure.³

Following this period of activism, foundations began to focus on less controversial issues, such as medical research, medical education, and demonstrations to test approaches to service delivery. Then, in the late 1980s, Eli Ginzberg called for renewed foundation attention to policy changes on major issues.⁴ The Henry J. Kaiser Family Foundation answered the call when it formed the Kaiser Commission on Medicaid (now the Commission on Medicaid and the Uninsured) in 1991. Over the past ten years, the Commonwealth Fund has bridged the worlds of health services research and health policy with its work on improving insurance coverage and health care quality.⁵

American families and businesses are grappling with double-digit increases in health in-

Karen Davis (kd@cmwf.org) is president of the Commonwealth Fund, which is based in New York City.

insurance premiums; loss of insurance coverage; and unequal access to safe, effective medical care. International comparisons show that the United States leads the world in cost yet often lags behind many nations in medical outcomes and patient care experiences.⁶ At this critical juncture, concerted leadership will be required for this country to achieve high performance in its health care system.

Commission On A High Performance Health System

Sensing that the time is right to find common cause among those who support broad-based health system reforms, the Commonwealth Fund's board of directors recently approved establishment of the Commission on a High Performance Health System. The commission's goal is to move the nation toward a health care system that provides better access, higher quality of care, and greater efficiency, with particular focus on those who are most vulnerable because of income, race/ethnicity, health, or age.

The commission will identify public and private policies and practices that could lead to health system improvements. It will explore mechanisms for financing improved health insurance coverage as well as investment in the nation's capacity for quality improvement, including reinvestment of savings from efficiency gains. The commission is charged with defining the characteristics of high performance health systems; setting realistic targets for what the United States could achieve and tracking change over time; and identifying and analyzing policy and practice changes that will help meet such targets.

Concrete targets will be set for each substantive area in the commission's first year. For example, in the coverage area, the commission will draw on the experiences of state innovations to increase coverage and extrapolate to establish concrete national numbers of insured Americans that we should expect in one, three, five, ten, and fifteen years if those innovations were more broadly adopted, taking into account the variations in policies and markets across the nation. In the area of quality, the

commission's shorter- and longer-term targets will measure such practices as the adoption of evidence-based medicine and information technology (IT) to track treatments and outcomes. In all of its target areas, the commission will also help ensure that information on performance and on innovative policies and practices reaches those in a position to effect change.

The Commonwealth Fund's board of directors recognizes readily that the aspirations for this new commission are high and broad and that it runs the risk of trying to do too much. But we believe that we cannot afford to tackle our pressing coverage, quality, and efficiency problems in isolation from each other. Moving forward will require unified action. The commission will draw on the work of the Commonwealth Fund and others and explicitly lay out the trade-offs in making recommendations. By separating shorter- and longer-term goals and emphasizing both public policy and practical delivery system changes, we aim to strategically motivate leaders in these areas. By measuring concrete progress, we will be able to change course as appropriate over time.

The commission is chaired by James Mongan, chief executive officer of Partners HealthCare, and directed by Stephen Schoenbaum of the Commonwealth Fund. It taps the expertise of an additional seventeen commissioners who represent a full spectrum of health system perspectives and are committed to all elements of a high performance health system: coverage, quality, and efficiency.

Rationale For The Commission

Health care leaders and the public are in substantial agreement about priorities for changing the health care system.⁷ A Commonwealth Fund poll of health care leaders conducted in late 2004 found widespread agreement that covering the uninsured should be a top national priority.⁸ The general public also supports action: The Commonwealth Fund's 2003 Biennial Health Insurance Survey of 4,052 adults found that sizable majorities of Americans from all income levels would be in favor of a full or partial repeal of the recent tax

cuts to free up money to expand insurance coverage. Business and public policy leaders have also intensified efforts to assess and redesign care systems to improve performance following the Institute of Medicine's findings of a "chasm" in the quality of health care. Concerns with rising costs now cut across public and private sectors, including the challenge of ensuring Medicare solvency over the long term.

Yet building consensus on how to move forward has proved elusive in the face of rising costs of care. Bold steps will be required to curb the projected climb in health spending to 19 percent of gross domestic product (GDP) by 2014.⁹ Public and private payers alike support rewarding efficient and high-quality providers and the broader use of disease management and primary care case management, but effective strategies for change remain to be demonstrated.¹⁰ Health care leaders in states such as Minnesota and Maine have increasingly looked to collaboration among public programs and private insurers to leverage purchasing power, adopt common payment incentives and quality standards, and streamline administrative costs.¹¹

Nearly everyone with intimate knowledge of our health care system acknowledges that it is plagued by waste, duplication, preventable and costly errors, and fragmented insurance administration. Health care providers typically are not held accountable and sometimes even benefit financially when they make mistakes. Current financial incentives reward the delivery of more services. There should be mechanisms in place to separate services that provide important improvements in quality of care and outcomes from those that add costs but little or no value. Greater investment in prevention, primary care, and alternatives to institutional care can achieve savings and better health outcomes. Streamlining our fragmented, complex system of insurance with a

seamless system of coverage supported by IT could greatly reduce administrative costs. Efforts to provide health care more efficiently will require major advances in both defining and measuring efficiency.

The nation underinvests in some areas—health insurance coverage for low-income Americans, ensuring access to care for vulnerable populations, a modern health information system—and overspends in others. We should reallocate health care resources toward higher-value services. But prior savings, whether Medicare savings in the Balanced Budget Act (BBA) of 1997 or savings from managed care in the mid-1990s, were usually not reinvested to expand health insurance coverage or improve the nation's capacity to achieve better quality of care, with the exception of a modest investment in the State Children's Health Insurance Program (SCHIP), an expansion that was outweighed by the loss in numbers of people with employer coverage in the early 2000s.

The new commission, therefore, will explore ways to finance needed improvements in coverage, quality, and efficiency, with a view to reinvesting any savings that are gained. Undoubtedly, this will require new mechanisms, such as a trust fund to support expansion of coverage and improve quality and efficiency. Commitment of additional funds may also be necessary—whether those funds come from reordered fiscal priorities, redirection of tax cuts or subsidies, or assessment of fees to health care providers or insurers.

Program Components

To stimulate action and draw the attention of policy leaders and the public to the potential for improvement, the commission will issue annual "scorecards" to track and assess system performance across multiple dimensions. The scorecards will examine performance variations across states and make pro-

"The new commission will explore ways to finance needed improvements in coverage, quality, and efficiency, with a view to reinvesting any savings that are gained."

jections about performance, both with and without policy action. Research, surveys, and policy simulations will guide the commission in designing policy recommendations and communications. By comparing health system performance internationally with the U.S. experience, the commission will find opportunities to learn from other countries.

A wide range of state, private, and community initiatives share the goals of improving coverage, quality, and efficiency. To learn from these diverse efforts, commission members will conduct site visits and meet with state officials and private health care leaders. An annual retreat for members of Congress, as well as a retreat for senior congressional staff, in affiliation with the Alliance for Health Reform, will help ensure that the commission's work reaches federal policy officials. There will also be periodic forums and briefings that reach business, and national and state policy leaders.

A commission policy team led by Anne Gauthier and based at AcademyHealth, meanwhile, will issue policy briefs on current topics to inform national debate. Targeted work will develop new policy options with the potential to improve system performance broadly.

Commission activities will be supported by ongoing Commonwealth Fund grant programs, each of which will work to advance specific goals regarding coverage, quality, and efficiency.

■ **Health coverage and access.** The Commonwealth Fund's Health Coverage and Access Program will fund projects that examine efforts to expand and improve health coverage for U.S. workers and their families and to increase efficiency in the administration of health insurance. Specific areas of analysis include the following: (1) tracking and analyzing the effects of changes in employer-based coverage and insurance markets; (2) documenting the consequences of being uninsured or underinsured; and (3) modeling policies to expand, improve the affordability of, and increase the efficiency of health coverage.

■ **Medicare.** Since 1995 the Commonwealth Fund's Program on Medicare's Future has been providing analysis, evaluating policy

options, and identifying ways to improve Medicare's ability to serve elderly and disabled Americans. These activities will draw from and feed into the issues to be addressed by the new commission.

■ **Quality improvement.** The projects underwritten by the foundation's Health Care Quality Improvement and Efficiency program are based on the premise that a well-functioning health system requires (1) reliable information about the quality and efficiency of care; (2) incentives and payment policies that reduce barriers to improvement while rewarding quality and efficiency; and (3) innovative delivery models that reduce waste and improve the safety and coordination of care.

A high performance health system must be responsive to patients' preferences and needs. In April 2005 the Commonwealth Fund established its Patient-Centered Primary Care initiative, which seeks to promote the redesign of physician practices to meet the needs of patients. New research will focus on the measurement of patient-centered care at the practice level and the possible relationship between patient-centeredness and improved clinical outcomes. Policy analysis and demonstration projects will ensure that patients' experiences are featured in the foundation's quality improvement and efficiency initiatives.

Similarly, the program on Child Development and Preventive Care is fostering a redesign of well-child care in the United States. Lately, the Picker-Commonwealth program on Quality of Care for Frail Elders has focused on evaluation and dissemination of models for improving resident-centered care in nursing homes.

The Commonwealth Fund's program on Quality of Care for Underserved Populations seeks to improve care for low-income people and racial/ethnic minorities. Some projects will work to disseminate models from high performing safety-net organizations that have demonstrated an ability to deliver effective, efficient, patient-centered, high-quality care to such populations.

■ **State innovations.** Recognizing that the leadership of some states in improving

health system performance is of interest to other states and to federal leaders, Commonwealth's new State Innovations Program will identify and assess public- and private-sector policies to improve coverage, quality, and efficiency. Grant-supported work will increase understanding of state health system performance and stimulate efforts to improve performance. As part of this effort, the foundation recently began publishing a newsletter, *States in Action: A Quarterly Look at Innovations in Health Policy*, to report on noteworthy developments.

■ **International health policy and practice.** In an era of globalization, learning from other countries is critical to improving U.S. health system performance. The Commonwealth Fund's International Program in Health Policy and Practice provides a unique source of information for the United States on comparative systems performance and on successful policy approaches and innovative health care delivery models in other countries.

■ **Communications.** To ensure that the commission's work reaches all appropriate audiences, Commonwealth will be using its Web site (www.cmwf.org), other communication tools, and a growing array of partnerships, including those with its strategic partners, AcademyHealth and the Alliance for Health Reform, to disseminate information broadly.

THE COMMONWEALTH FUND seeks to be a catalyst for transformation in the U.S. health care system. Its roles are to help establish a base of scientific evidence on what works, mobilize talented people to transform health care organizations, and collaborate with those sharing the foundation's concerns. By forming the Commission on a High Performance Health System, the foundation hopes to change the nature of the policy debate, forge consensus on policy options, and disseminate promising innovations. We recognize that this will be a difficult task, but our intention is to encourage appropriate changes at a faster pace than would otherwise occur without our explicit focus on how these problems intersect. At this critical juncture, we hope that our work

will help to make high-quality health care accessible and affordable to all Americans.

.....
 The author thanks senior program staff of the Commonwealth Fund for their assistance in preparing this manuscript, Alice Ho for research assistance, and Christopher Hollander for editing assistance.

NOTES

1. P. Starr, *The Social Transformation of American Medicine* (New York: Basic Books, 1982).
2. E. Ginzberg, "Foundations and the Nation's Health Agenda," *Health Affairs* 6, no. 4 (1987): 128-140; and E. Palmer, "Historical Impact of the Committee on the Costs of Medical Care" (Letter), *Health Affairs* 7, no. 3 (1988): 236-237.
3. P.H. Feldman, S. Putnam, and M. Gerteis, "The Impact of Foundation-Funded Commissions on Health Policy," *Health Affairs* 11, no. 4 (1992): 207-225.
4. Ginzberg, "Foundations."
5. K. Davis, "Improving Lives through Information," *Health Affairs* 18, no. 2 (1999): 219-225.
6. C. Schoen et al., "Primary Care and Health System Performance: Adults' Experiences in Five Countries," *Health Affairs*, 28 October 2004, content.healthaffairs.org/cgi/content/abstract/hlthaff.w4.487 (27 May 2004).
7. Commonwealth Fund, "The Commonwealth Fund Health Care Opinion Leaders Survey: Assessing Health Care Experts' Views on Policy Priorities," 22 November-8 December 2004, www.cmwf.org/surveys/surveys_show.htm?doc_id=254281 (2 August 2005).
8. In the 2004 survey, 87 percent of respondents thought that insurance expansion should be a top priority for Congress. That issue led the list across respondents from academic, research, business, health care delivery, and advocacy organizations.
9. S. Heffler et al., "U.S. Health Spending Projections for 2004-2014," *Health Affairs*, 23 February 2005, content.healthaffairs.org/cgi/content/abstract/hlthaff.w5.74 (27 May 2005).
10. Commonwealth Fund, "The Commonwealth Fund Health Care Opinion Leaders Survey: Assessing Health Care Experts' Views on Health Care Costs," 7-21 April 2005, www.cmwf.org/surveys/surveys_show.htm?doc_id=275633 (2 August 2005).
11. Commonwealth Fund, *States in Action: A Quarterly Look at Innovations in Health Policy*, May 2005, www.cmwf.org/publications/publications_show.htm?doc_id=276919 (2 August 2005).