



The Forum is a coalition of doctors, hospitals, health plans and business that was founded in 1997 to improve the health care financing and delivery system.

Federal Health Reform – Overview

The Washington Healthcare Forum – a coalition of doctors, hospitals, health plans, and state associations – believes there are three intertwined steps to reform health care:

- Reduce costs
- Make sure everyone has access to health coverage and health care
- Improve quality so we are paying for appropriate and safely delivered services.

The only way to truly reform the health care system is to address all three legs of the reform stool – cost, access, and quality.

As Congress moves swiftly on a federal reform package, the Forum encourages our state’s delegation to consider the following principles:

- Every resident should have affordable health care coverage.
- All **residents** should:
 - ◆ become knowledgeable consumers of health services; and
 - ◆ take responsibility for their health.
- The **private health care market** should:
 - ◆ provide health care coverage;
 - ◆ promote value and reduce unnecessary administrative costs;
 - ◆ foster choice of providers and plans;
 - ◆ improve quality;
 - ◆ test innovative solutions; and
 - ◆ operate with transparency.
- **Government** should:
 - ◆ provide subsidies to individuals who cannot afford to purchase health coverage;
 - ◆ regulate the market to protect consumers;
 - ◆ lead by example in public programs by such activities as supporting evidence-based care and paying for value; and

- ◆ adequately pay providers for subsidized services and other public programs.
- Care should be **evidence-based**, with an emphasis on prevention, wellness, chronic disease management, and patient safety.
- Care should be **patient-centered**, which means the system should promote the following elements:
 - ◆ Patients have access to coordinated primary care;
 - ◆ Patients have access to timely care;
 - ◆ Patients have a choice of providers, health plans, and effective treatments; and
 - ◆ Patients have the tools and information to help manage their own care, particularly relating to chronic conditions and prevention.
- Every effort should be made to **reduce unwarranted variation** in care.
- As **new technologies** emerge, they should be evaluated for efficacy and affordability before they are widely adopted.
- All sectors of the health care system should be encouraged to use **effective health information technology**.
- All sectors of the health care system should work to **share information** about costs, patient satisfaction, and outcomes with consumers, providers, and purchasers.
- Payment strategies should move toward **rewarding good outcomes** rather than procedures.

About the Forum

Members of the Forum recognize that the private sector must improve the care delivery and financing system so more Washington state residents can access both affordable coverage and affordable care. We collaborate with state lawmakers, regulators, and others who share our goals.



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Federal Reform: Access

Every American should have access to affordable health coverage and access to appropriate health care.

Members of the Forum believe that reforming the health care system must include changing the insurance market, changing the delivery system, and changing how we pay for care.

To reform the insurance market, we support guaranteed issue, meaning no one would be turned away from coverage, coupled with an individual mandate that brings everyone into the system. The government would need to provide sliding scale subsidies for those who cannot afford coverage.

To reform our delivery system, we must change *how* and *what* we reward. Today, we reward caregivers (individuals and institutions) for providing more services, whether or not they improve outcomes. We need to replace this by paying for:

- Well-coordinated primary care—oriented toward health, not just disease—and,
- Treatments that are shown to be effective.

However, the health reform debate has polarized around *who* pays. Debate around the merits of a government-run, public plan that would offer coverage in competition with the private market has taken the focus of the discussion in the wrong direction.

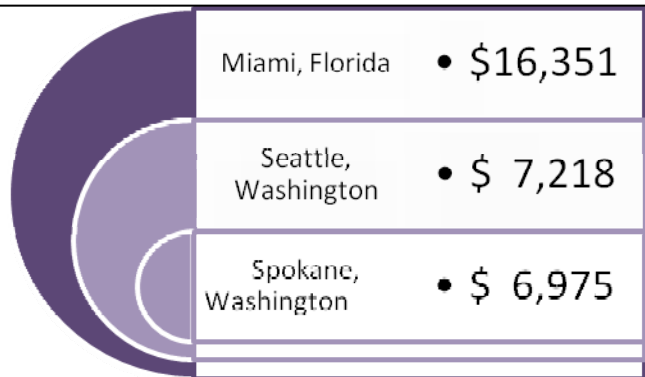
Focus on Medicare

The federal government already runs the largest health insurance program in the country – Medicare – and reports indicate that it will run out of money in eight years. The federal government should revamp Medicare

rather than adding new enrollees to it, or another public program. Physicians and hospitals are forced to pass on the cost of serving Medicare patients to the private sector or restrict the number of Medicare patients they can treat. Too many seniors already have a difficult time finding doctors who can accept new patients.

Medicare spending per beneficiary varies widely geographically, and Washington state, an historically efficient part of the country, is among the lowest paid. The higher amounts paid in parts of the country do not produce healthier people; in fact, the opposite is true.

Medicare spending per capita varies widely across the country, though more care does not result in healthier patients.



Source: Dartmouth Atlas Project, 2006 data

A study comparing the health implications of regional differences in Medicare spending showed: Every 10% increase in regional end-of-life spending for hip fracture, colorectal cancer, and acute myocardial infarction resulted in higher risks of death, no change in functional status and no consistent differences in patient satisfaction.

Source: Annals of Internal Medicine, 2003; 138 (4): 288-298



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Medicare beneficiaries would be well served if the federal government incorporated the following strategies:

- Reimburse providers who work hard to keep people well and actively manage their chronic diseases;
- Support coordinated care, including the patient-centered health or medical homes;
- Pay for evidence-based services;
- Pay for value and good outcomes, not services ordered;
- Encourage palliative care for terminal illnesses when treatments are not proven to be effective; and
- Preserve choice for pre-paid coverage, currently known as Medicare Advantage, a program that promotes innovation and enables providers to coordinate care for seniors.

Historically, Medicare has been ineffective at controlling costs, as evidenced by its impending insolvency in 2015, just when an increasing number of baby boomers will need its coverage. The only mechanism Medicare has used to hold down costs has been to reduce payments to providers, a tool that is leading to less access to care for seniors.

While the public sector needs to fix the problems with Medicare, the private sector also must address ways to increase efficiencies--such as offering the right service in the right setting, using a team of coordinated caregivers rather than piecing out care to a series of specialists, and streamlining administration. We also must change our reimbursement patterns so that we attract more primary care providers into the system and pay them appropriately.

Rather than undermine those parts of our health care system that work well, we

advocate for change that builds upon our strengths. The public sector should set “ground rules” and subsidize coverage for those who cannot afford it; the private sector should be rewarded for innovations that save money and improve quality, making it possible to cover more people.

Members of the Forum are working hard in a public/private partnership to streamline and reduce administrative costs. We are collaborating with the state to address the rising costs of advanced imaging studies. We also are piloting ways to make care more effective more affordable and safer.

Matching these efforts with more affordable insurance and subsidies for those who cannot afford coverage will reform the health care system and get more people access to quality, cost-effective care.



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Federal Reform: Cost and Quality

As the nation strives to make sure every resident has health coverage, we simultaneously must control the costs of health care, without sacrificing quality.

Our health care system today is fragmented, and the payment system, both public and private, places incentives on the number of services or procedures that are delivered. In order to truly reform the delivery system and rein in costs, we need to redesign our payment systems and provide adequate reimbursement for coordinated care.

Reward value, not volume

Our health care system was created to address acute illness – such as patients with a heart attack, a trauma, or an infection. While these needs will continue, **75 percent of our health care costs are a result of chronic, often preventable diseases.** Applying the acute care model to chronic health conditions is one of the root causes of our current health care inflation. Waiting until a chronic disease is out of control destroys people's quality of life and costs more. Another problem is that we know more care does not necessarily equal better care.

A new model of care

People need access to primary care, prevention and wellness, and effective chronic care management. We need to follow the evidence when ordering tests and procedures, and encourage the use of generic drugs and healthier lifestyles.

Hospitals need to reduce unnecessary re-admissions, coordinate care when patients are

discharged, and reduce medical errors and hospital-acquired infections.

Health plans need to re-focus reimbursements on value, rather than rewarding providers for ordering more tests and treatments.

Forum member organizations – including leading health systems, hospitals, physicians and health plans – are experimenting with a variety of pilots designed to both improve quality and reduce costs. As we see which strategies have the greatest impact, we share them with the goal of spreading their use throughout the state. From coordinated care to decision support tools for physicians ordering advanced imaging tests, we are working together to build a health care system that makes sense for those who use it, deliver it, and pay for it.

Examples of innovative cost, quality and access pilots and initiatives underway by Forum member organizations are available in a separate document.