



The Latest News on Health Reform: Options for Health System Change

On Tuesday, the Senate Finance Committee released a paper, *Transforming the Health Care Delivery System: Proposals to Improve Patient Care and Reduce Health Care Costs*. The paper contains a set of policy options that were discussed at yesterday's closed-door session during which Committee staff walked members through the proposals.

This paper represents a positive step towards building a better health delivery system that promotes a patient-centered approach and works to contain out-of-control costs. Our initial take is that it does a good job of offering constructive and practical proposals to address much of what's wrong with the U.S. health care delivery system. The Committee has shown a strong commitment to quality and coordination of care in national health reform, laying the foundation for a system that addresses and respects the health care needs of some of our system's most vulnerable consumers. It is important to note that we also believe it would be strengthened by addressing the needs of two key populations: children and dually eligible beneficiaries.

The paper generally does not address children's health care issues. There are a number of recommended health delivery system reforms that could be expanded to include pediatric care.

The paper also does not address the problems encountered by the millions of Americans covered by *both* Medicare and Medicaid. Dually eligible beneficiaries tend to be poorer, sicker, and frailer than most, and face a unique challenge: negotiating two separate systems of care. They also represent a disproportionately large share of public program spending. Integrating services for dually eligible beneficiaries is an important component of any comprehensive health care reform platform.

We hope these two essential populations are addressed in the Committee papers resulting from the Committee's coming sessions. In the meantime, we feel that the policy options outlined in this document present a positive starting point in the effort to provide quality, affordable health care.

A full summary and analysis will be available in a forthcoming update. Below, a quick summary of the five major categories of delivery reform policy options outlined by the Senate Finance Committee:

Promoting Quality Care Through New Payment Models – Committee staff proposes to provide new payment incentives for care that contributes to improved health outcomes (“value-based purchasing”). Staff also recommends providing primary care providers and certain general surgeons with a payment bonus for certain office, home and nursing home visits. Finally, they propose making payments to primary care doctors that provide care management for beneficiaries with high cost, chronic illnesses like asthma and diabetes following discharge from a hospital.

Fostering Care Coordination and Provider Collaboration – Committee staff proposes that HHS allow broad-scale Medicare pilot programs of patient-centered care coordination for the chronically ill. They also propose to offer payment incentives to hospitals that reduce preventable hospital readmissions, and provide a single bundled Medicare payment for acute and post-acute episodes of care (“episode-based payments”). Finally, they propose sharing Medicare savings with groups of providers that meet certain quality benchmarks.

Infrastructure Investments: The paper recommends creating a set of new tools that support coordinated quality care, such as those that encourage widespread adoption of health information technology (HIT). Specifically, staff recommends extending HIT incentives to providers not included in the stimulus bill passed earlier this year. The paper also recommends requiring that HHS develop a national quality improvement plan and the next generation quality measures. It also proposes investing in research on what treatments work best for which patients (“comparative effectiveness”) and making sure the information is readily available and accessible to patients and doctors. To increase transparency and reduce conflicts of interest, other policy options would provide patients with information about physician-industry ties, close loopholes in physician self-referral laws, and provide patients and families with more information about nursing homes. Finally, to address the shortage of primary care physicians, it proposes to increase residency training slots for primary care or general surgery and for HHS to develop and implement a national health care workforce strategy.

Medicare Advantage: Committee staff recommends that HHS link payments to Medicare Advantage plans with quality improvement and develop a more efficient payment structure.

Combating Fraud, Waste, and Abuse – Committee staff seek to reduce fraud, waste, and abuse in the Medicare program by better evaluating health care providers prior to granting billing privileges, using technology to evaluate claims, educating providers to promote compliance with program requirements, monitoring programs more vigilantly, and imposing swift penalties for fraud.

The Committee is accepting public comments on the policy options until May 15, 2009. Community Catalyst will be working with other key national organizations to develop comments and will share them with you in advance of the deadline.