

## Health Care Cost Containment: Getting It Right

<p><b>Core principles</b></p>	<ul style="list-style-type: none"> <li>• Target real cost drivers</li> <li>• Avoid cost-shifting and unnecessary harm to patients, providers or state government</li> </ul>		
<p><b>Key approaches</b></p>	<p>Focus on private <b>and</b> public sector cost containment</p>	<p>Reduce low value public spending</p>	<p>Improve population health</p>
<p><b>Problem addressed</b></p>	<p>High prices and administrative costs lead to higher U.S. health spending without adding value</p>	<p>Expensive care that is avoidable or unnecessary and improper payments drive public health insurance spending</p>	<p>The deteriorating health status of Americans must be addressed in the long run for cost containment efforts to succeed</p>
<p><b>How to do it</b></p>	<ul style="list-style-type: none"> <li>• Create stronger purchasers</li> <li>• Reduce administrative waste</li> </ul>	<ul style="list-style-type: none"> <li>• Payment reform</li> <li>• Delivery reform</li> <li>• Payment integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Target conditions with strong connection to public health spending (e.g. HIV, low birth weight, obesity, smoking)</li> </ul>
<p><b>Examples of what the ACA already does</b></p>	<ul style="list-style-type: none"> <li>• Exchange</li> <li>• Medical Loss Ratio</li> <li>• Rate review</li> </ul>	<ul style="list-style-type: none"> <li>• Eliminate MA overpayments</li> <li>• Improve payment integrity</li> <li>• Limit Medicare and ACA subsidy growth per beneficiary to GDP +1%</li> <li>• Change Medicare payment to incentivize good outcomes and avoid preventable admissions</li> <li>• Implement discharge transition program</li> <li>• Expand primary care in low-income communities</li> <li>• Encourage new payment and delivery models</li> </ul>	<ul style="list-style-type: none"> <li>• Prevention Fund</li> <li>• Childhood Obesity Demonstration Program</li> </ul>

**Examples  
of what  
more can  
be done**

- All payer rate setting
- Expand primary care supply / modify GME
- Realign responsibilities and rewards for effective cost containment in Exchanges (building on the Basic Health and state flexibility waiver options)
- Public option

- Strengthen IPAB
- Medicaid payment reform—reduce potentially avoidable events
- Additional Rx savings:
  - ◊ Medicaid rebate for duals
  - ◊ Medicare price negotiation (strong version)
  - ◊ Ban “pay for delay”
  - ◊ Speed biologics

- Sugar sweetened beverage tax