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# Path to A High Performance Health System: A 2020 Vision and Policies to Pave the Way

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Women and Health Care Reform  
***Equity for Women: Policy Alternatives for the New Administration***

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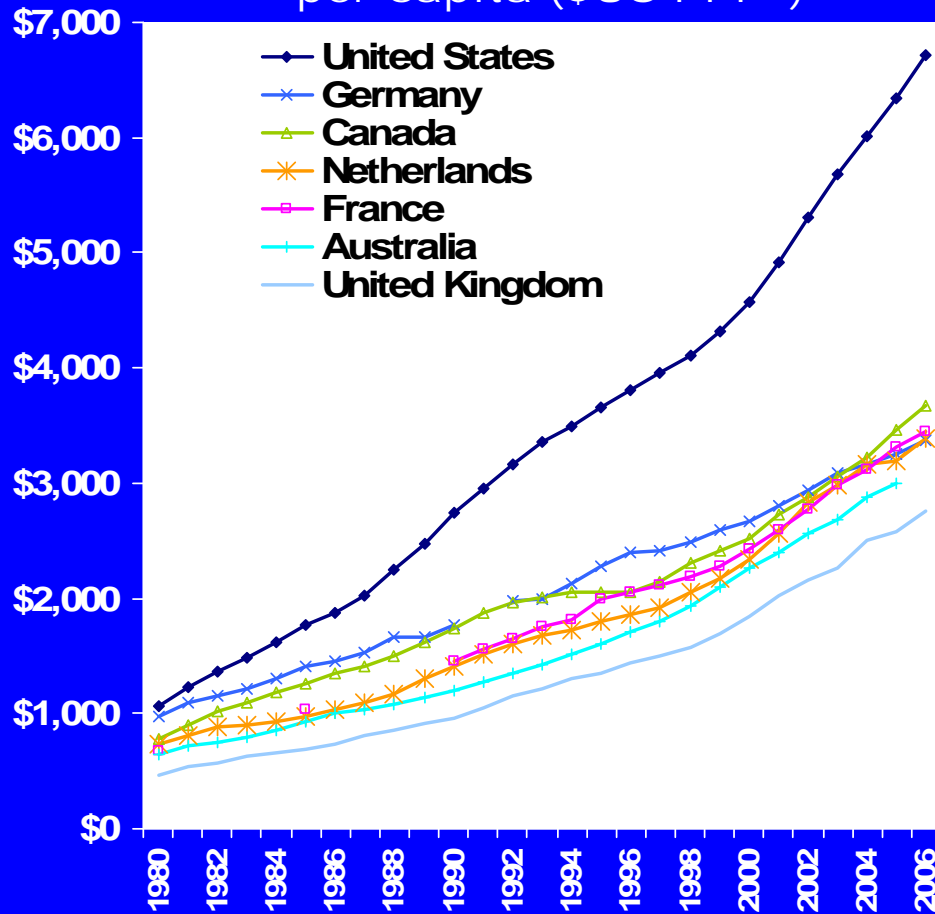
## Need for New Directions – 2020 Vision

- **Can't afford to continue on current path**
  - Rising numbers of uninsured and underinsured
  - U.S. National Health Spending projected to double, increase to \$5.2 trillion, 21% GDP by 2020
  - Poor performance: wide variations in quality, efficiency, and often low performance
- **Triple Aim: insurance for all, better health outcomes, and slower cost growth**
  - Requires comprehensive, integrated set of policies for insurance, payment, and system reforms
  - Focus on health, disease prevention, and value
  - Access, quality and affordability
- **Dynamic path to high performance and value**
- **Estimates of potential impact: 2010–2020**

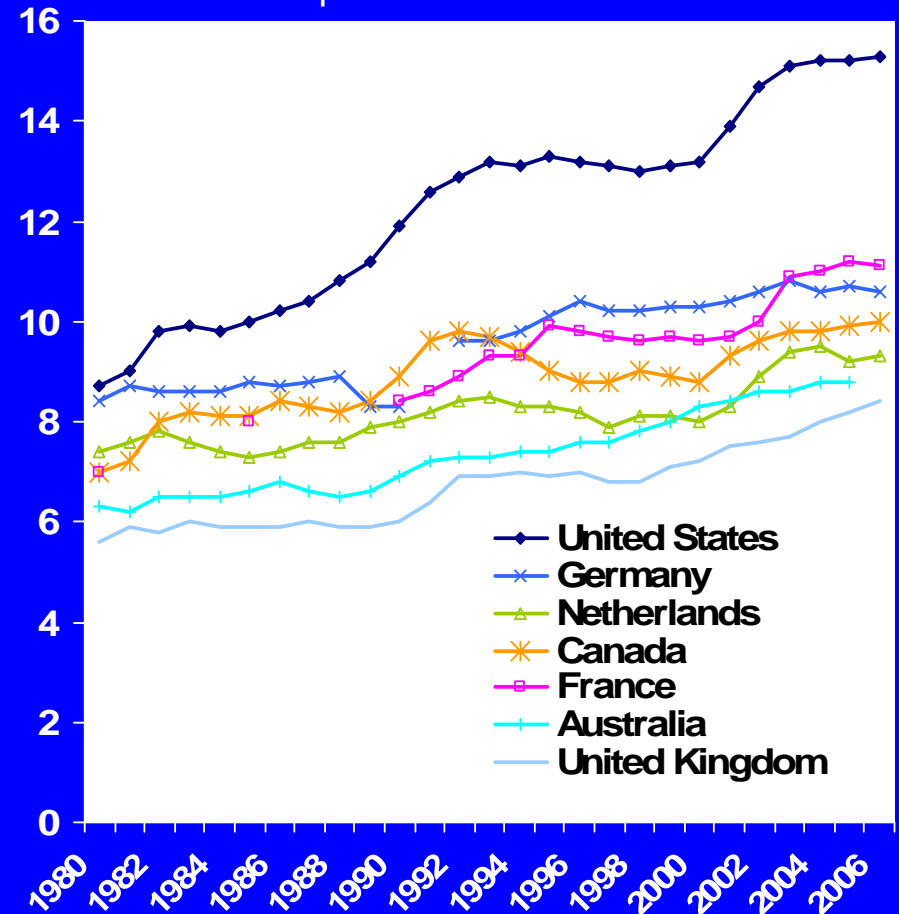


# International Comparison of Spending on Health, 1980-2006

Average spending on health per capita (\$US PPP\*)



Total expenditures on health as percent of GDP



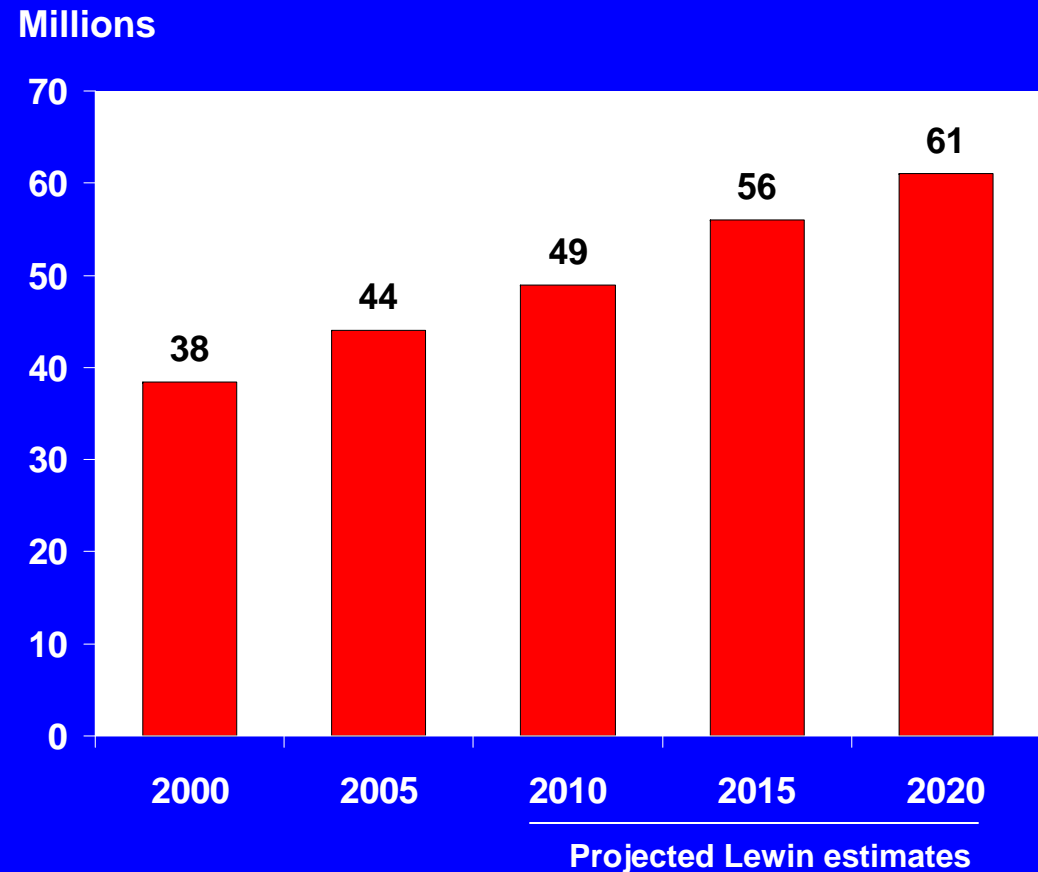
\* PPP=Purchasing Power Parity.  
Source: OECD Health Data 2008, Version 06/2008.



## Increase in Numbers Uninsured and Underinsured

- **Rising numbers of uninsured projected to continue**
- **One third have a time uninsured during the year**
- **25 million adults underinsured in 2007, 60 percent increase since 2003**
- **Two of five adults either uninsured or underinsured**

Number of Uninsured, 2000-2020



Source: Schoen et al., "How Many Are Underinsured? Trends Among U.S. Adults, 2003 and 2007," *Health Affairs* June 10, 2008; U.S. Census Bureau, Current Population Survey, 2001/2008; Projections to 2020, The Lewin Group.

## Integrated Strategic Policies for Dynamic Change

- **Affordable coverage for all: health system foundation**
  - Insurance Exchange: choice of private and new public health insurance option for under-65 population
  - Market reforms and provisions for affordability
  - All required to have coverage; shared responsibility
- **Align incentives: payment reform to enhance value**
  - Enhance primary care and spread of “medical homes”
  - Move from fee-for-service to more bundled payments, with accountability
  - Align incentives and prices to focus on efficiency/value
  - Reforms apply to Medicare, Medicaid, new public plan
- **Aim high to improve quality and health outcomes**
  - Information: health information technology; Center for Comparative Effectiveness; all-population data
  - Chronic disease and population health initiatives

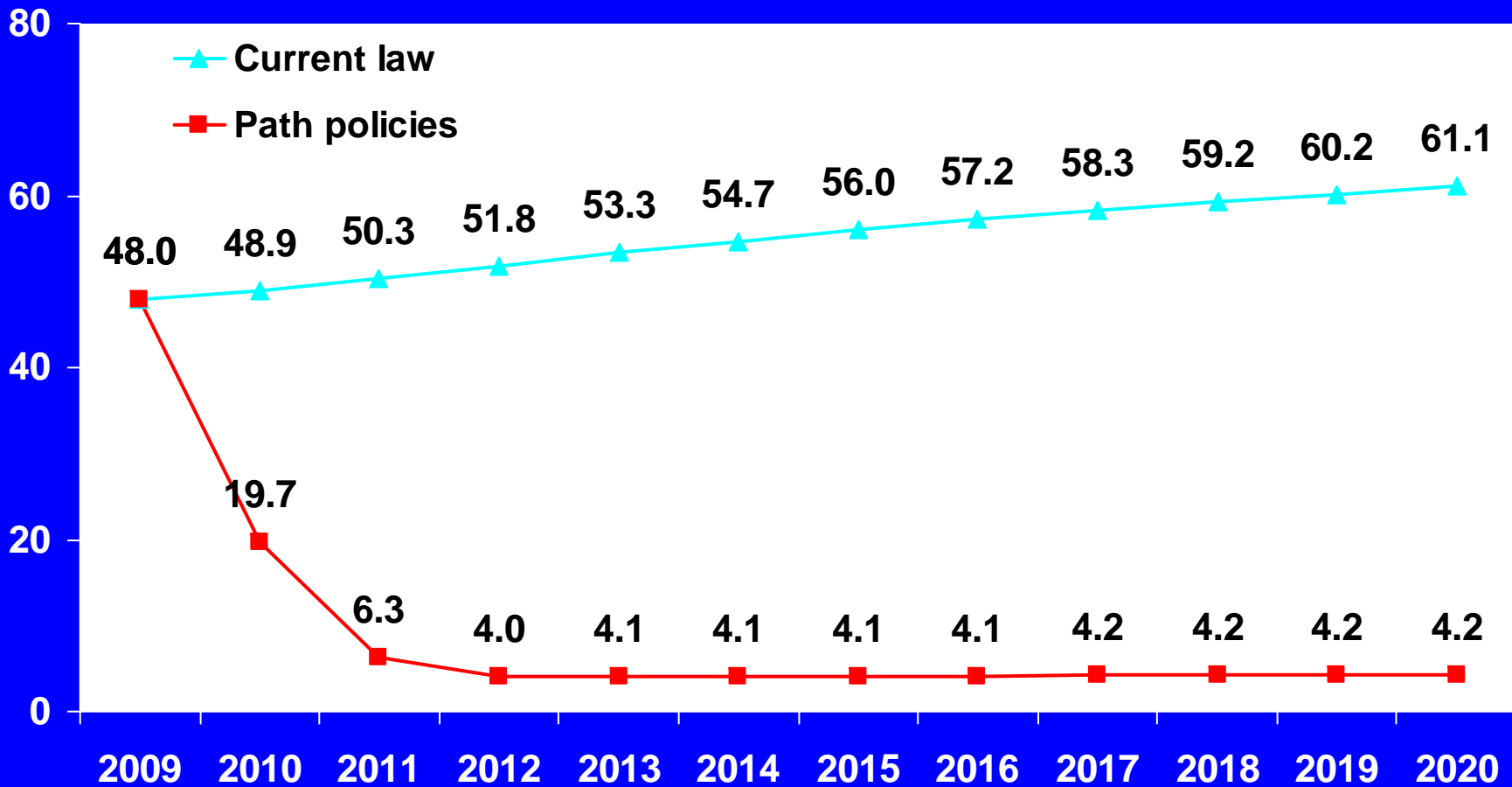


## Path Analysis: Overall Findings

- **Possible to extend affordable insurance to all *and* improve health outcomes and cost performance**
  - Nearly all, 99 percent, insured within 2 years
  - Insurance reforms would enhance access, choice, continuity, affordability, *and* lower premiums
- **Insurance, payment, and system reforms could slow spending growth by cumulative \$3 trillion through 2020**
  - Decreases annual growth from 6.7 to 5.5 percent
- **Families, businesses, and the public sector all would spend less compared to current projections**
  - Savings accrue across all income groups
  - Savings could offset federal costs
- **Critical to start now: policies interact over time**
- **A comprehensive approach is essential**

# Trend in the Number of Uninsured, 2009-2020 Under Current Law and Path Proposal

Millions



Note: Assumes insurance exchange opens in 2010 and take up by uninsured occurs over two years.

Remaining uninsured are mainly non-tax-filers.

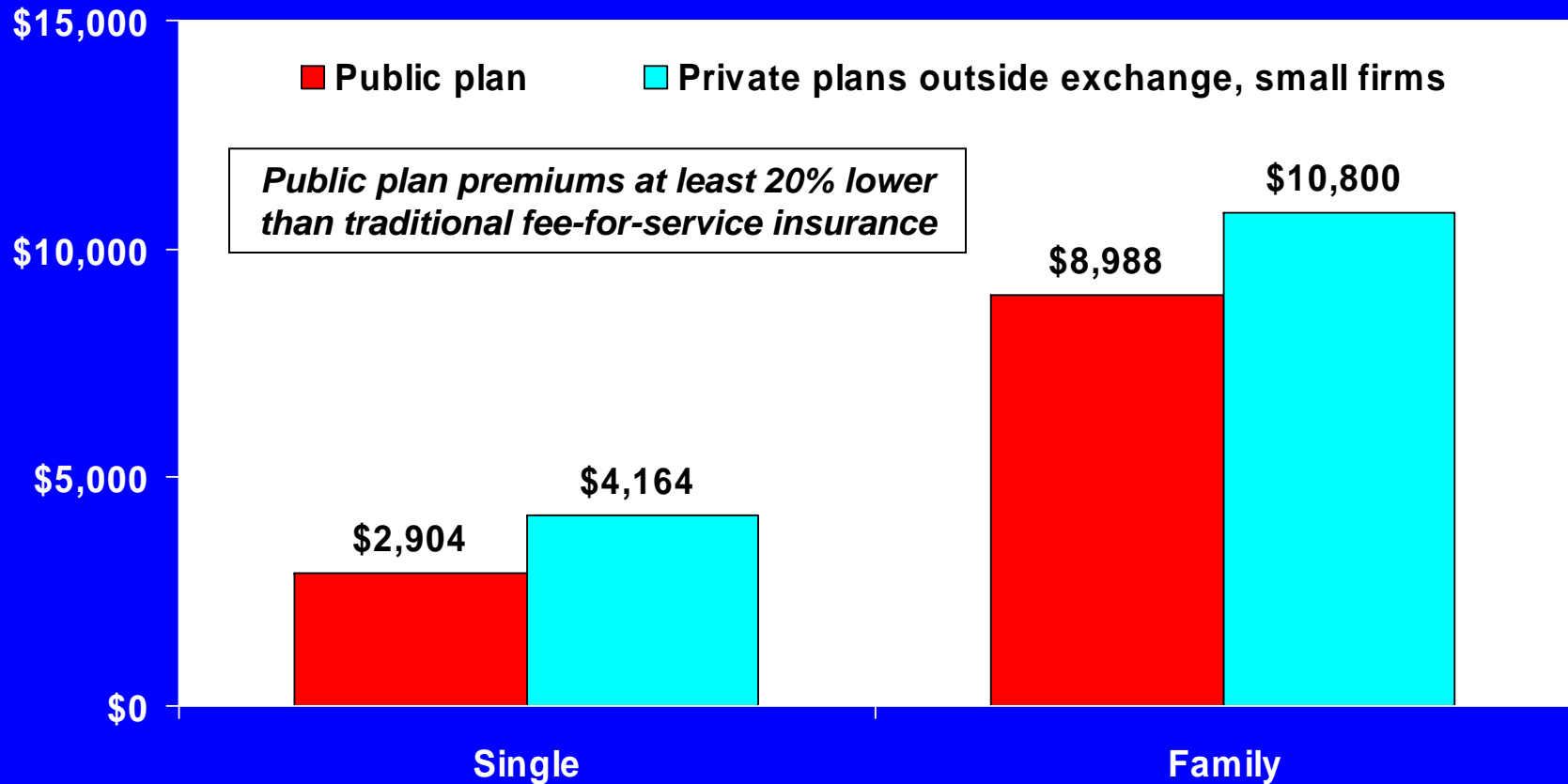
Data: Estimates by The Lewin Group for The Commonwealth Fund.

Source: *The Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way*, Feb. 2009.

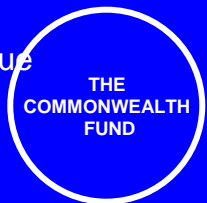


# Estimated Premiums for New Public Plan Compared with Current Premiums Individual/Small Employer Market, 2010

Average annual premium for equivalent benefits at community rate\*



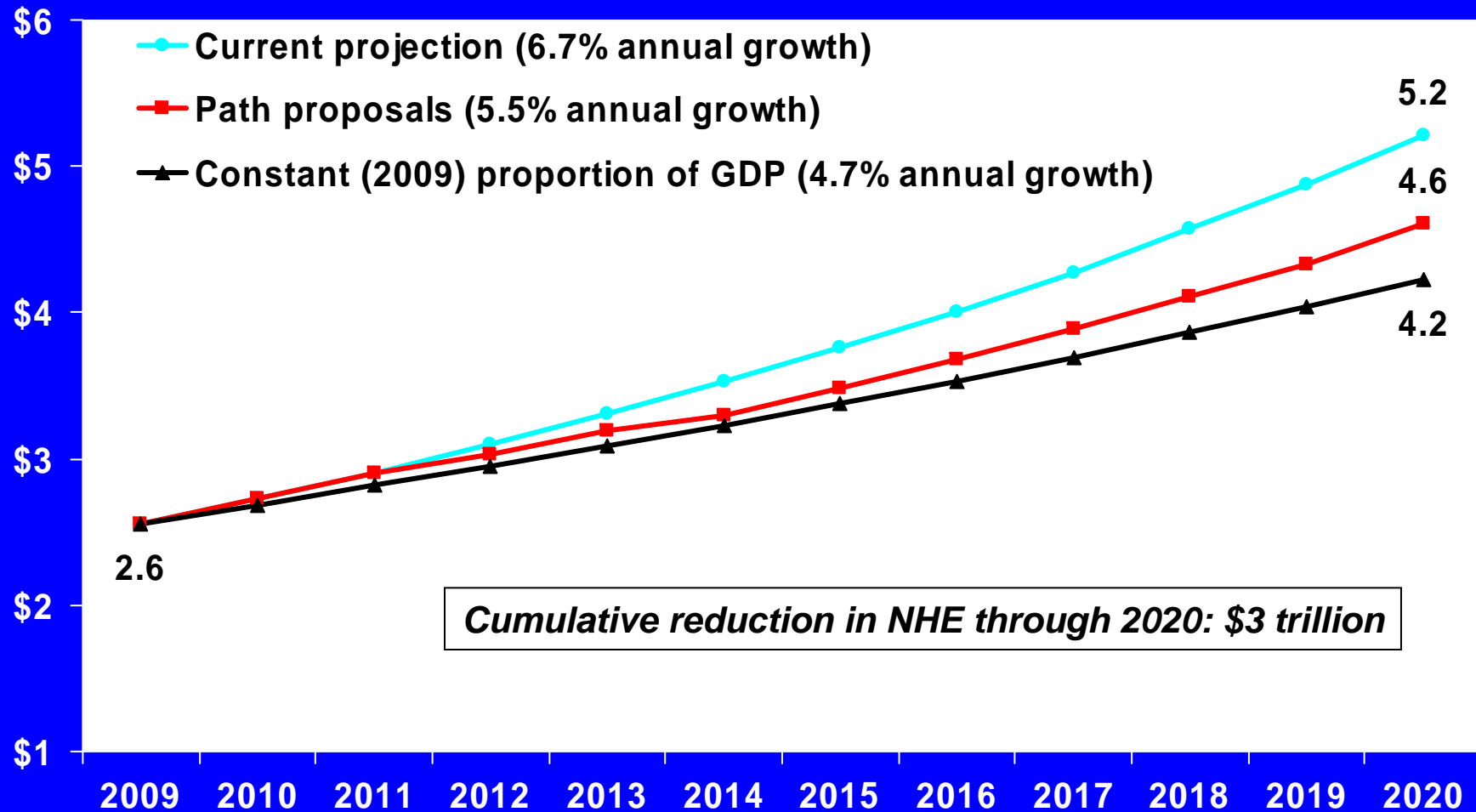
\* Benefits used for model include full scope of acute care medical benefits; \$250 individual/\$500 family deductible; 10% coinsurance for physician service; 25% coinsurance and no deductible for prescription drugs; reduced for high-value medications; full coverage preventive care. \$5,000 individual/\$7,000 family out-of-pocket limit.  
Data: Estimates by The Lewin Group for The Commonwealth Fund. Premiums include administrative factor  
Source: *Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way*, Feb. 2009.



# Total National Health Expenditures (NHE), 2009–2020<sup>9</sup>

## Current Projection and Alternative Scenarios

NHE in trillions



**Cumulative reduction in NHE through 2020: \$3 trillion**

Note: GDP = Gross Domestic Product.

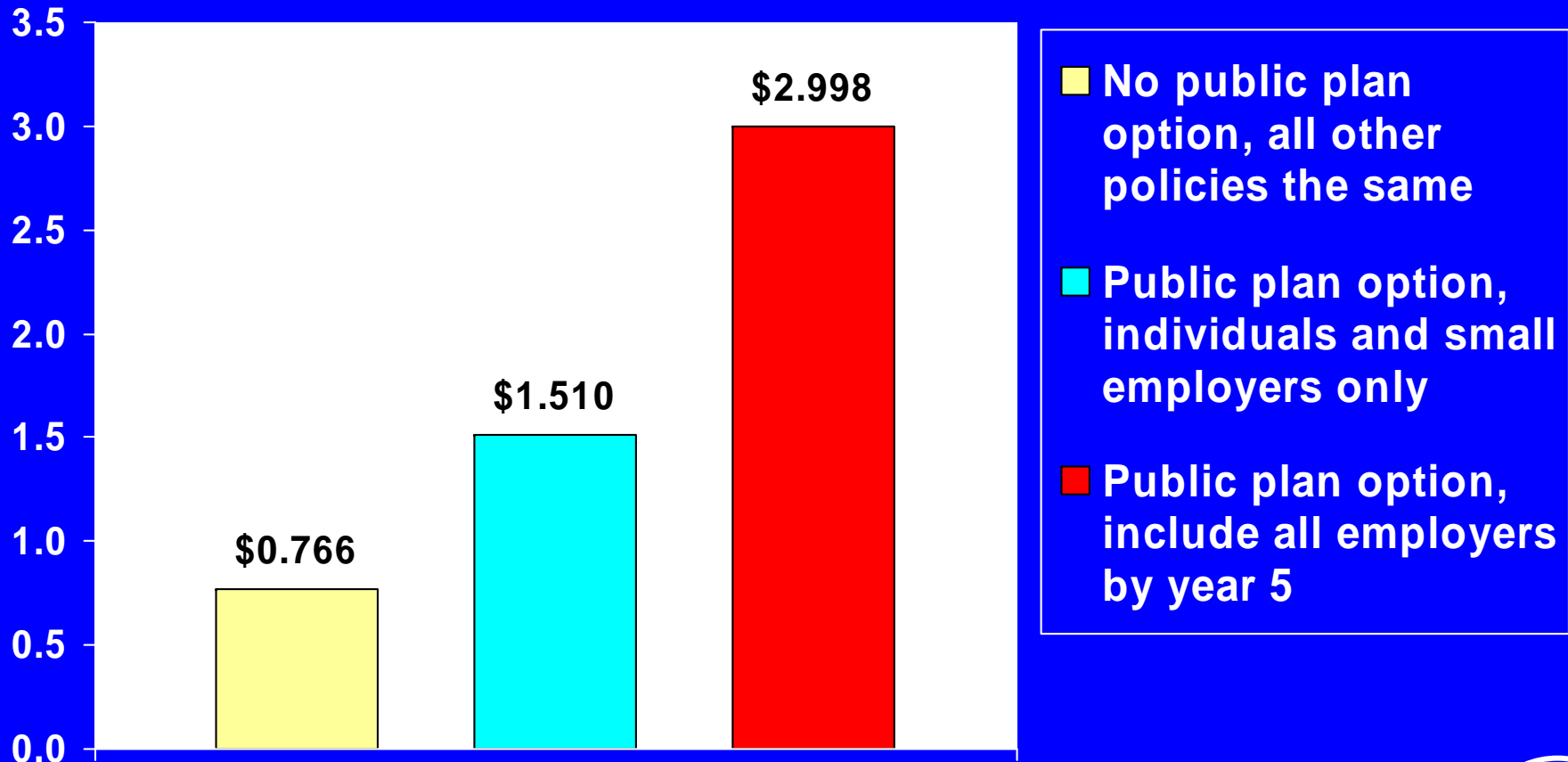
Data: Estimates by The Lewin Group for The Commonwealth Fund.

Source: *The Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way*, Feb. 2009.



# Three Insurance Exchange Designs: Cumulative 11-Year Savings in National Health Expenditures, 2010–2020

Cumulative National Health Expenditures  
Savings compared with baseline (trillions)



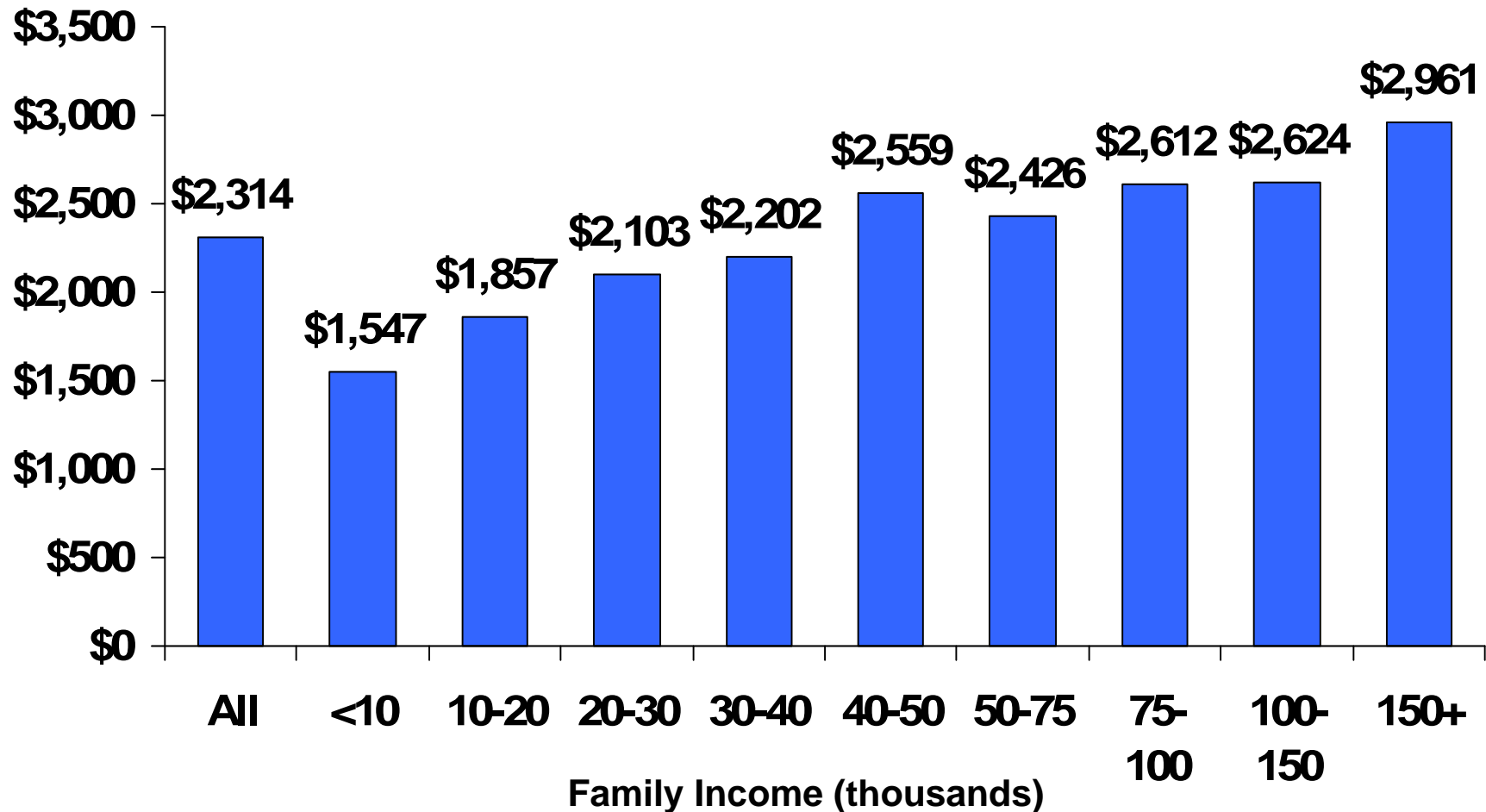
Data: Estimates by The Lewin Group for The Commonwealth Fund.

Source: *The Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way*, Feb. 2009.



## Average Annual Savings per Family Under Path Reforms, 2020

Savings in healthcare spending compared to projected trends



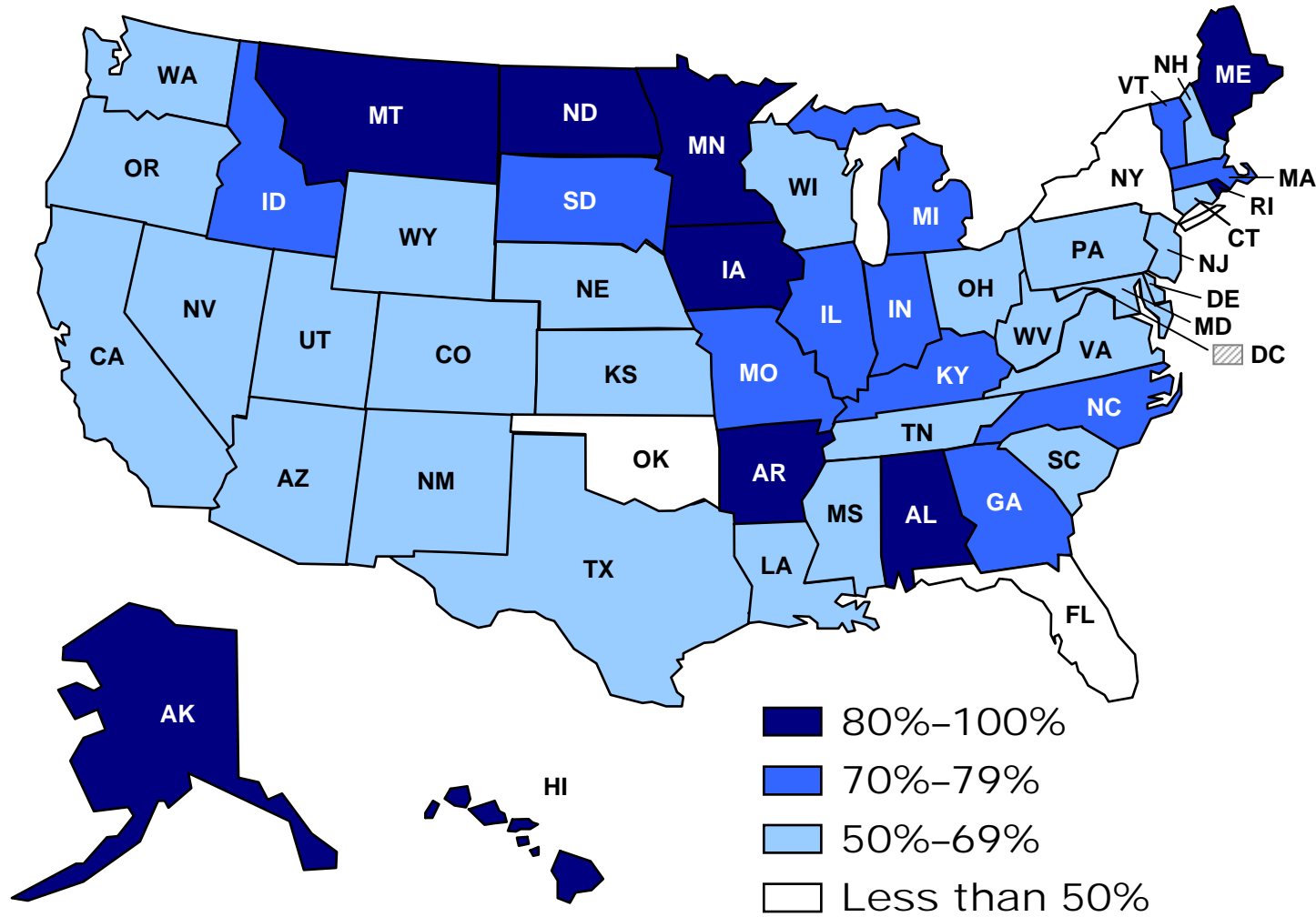
Data: Estimates by The Lewin Group for The Commonwealth Fund.

Source: The Commonwealth Fund Commission on a High Performance Health System, *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, February 2009).

## Transforming Markets: Advantages of an Insurance Exchange with a Public Health Insurance Option

- **Enables continuity, enhances choices, and provides a secure option nation-wide that will always be there**
- **Lowers administrative costs, makes it easy to enrol, compare plans, and keep coverage**
  - **Lower marketing, underwriting, churning**
  - **Transparent: easy to compare, benchmarks**
- **Provides less expensive means to expand and improve insurance, thus lowers federal cost of expansion**
- **Broadens foundation for rapid implementation of payment and system reforms**
- **Ensures markets work in the public interest: counterbalance to market power by insurers or providers**

# Market Share of Two Largest Health Plans, by State, 2006



Note: Market shares are for the combined HMO+PPO product market. For MS and PA, shading represents shares of top three insurers in 2002-2003.

Source: American Medical Association, *Competition in health insurance: A comprehensive study of U.S. markets, 2008 update*, ; J. Robinson, "Consolidation and the Transformation of Competition in Health Insurance," *Health Affairs*, November/December 2004; D. McCarthy et al., "The North Dakota Experience: Achieving High-Performance Health Care Through Rural Innovation and Cooperation," The Commonwealth Fund, May 2008.



## Potential Gain in Access and Population Health if the U.S. Reaches Benchmarks

- **37 million more adults and 10 million more children with accessible primary care**
- **68 million more adults receiving recommended preventive care**
- **70,000 fewer children admitted to hospitals for asthma**
- **250,000 fewer admissions to hospitals for complications of diabetes**
- **600,000 fewer elderly hospitalized or re-admitted for preventable conditions**
- **100,000 fewer deaths before age 75 from conditions amendable to health care**
- **180,000 more physicians using electronic medical records and information networks linking teams**

# Taking the Path to High Performance

- The U.S. has an historic opportunity to adopt reforms to secure access, quality and affordability
- Well-designed affordable health insurance for all provides an essential foundation
  - A public insurance option has the potential to transform markets to work in the public interest
- Coverage for all must be pursued *simultaneously* with reforms aimed at cost, quality and access
  - Coherent policies interact to support innovation
- Leadership and collaboration will be critical
  - Effective reforms require shifts from the status quo
- Stakes are high for women and families if we fail to act
- Urgent to start now to put the U.S. on a new path

# Aiming High to Improve Access, Health and Economic Security

Coverage + payment + system reforms  
could pave way to a 2020 Vision of a  
High Performance Health System



# Thank You!



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