

REDUCE HEALTH CARE COSTS

Over the next ten years, total health care spending in the United States is projected to grow from over \$3.4 trillion today to \$5.4 trillion by 2024, resulting in higher health care costs for individuals, employers, states and the federal government.¹ Adopting the following solutions will help address the underlying cost drivers that are embedded throughout the system, consistent with the following core principles:

- Optimize public resources
- Modernize government health care programs
- Build upon the foundation of employer-based health coverage
- Employ progressive approaches to health care benefits
- Modernize the way care is delivered to improve affordability and quality
- Make technology an enabling force for better health care

ADDRESS THE RISING PRICES OF PRESCRIPTION DRUGS AND MEDICAL SERVICES

Adopt new policies and adjust payment incentives to reduce the cost burden of unaffordable prescription drugs. For example:

- Adopt drug formularies that use evidence-based standards and medical necessity criteria to **assess whether emerging drugs represent measurable clinical advances**, enhance competition, and deliver value to consumers.
- **Utilize approved biosimilars** that offer patients safe and effective alternatives to more costly specialty products, with potential savings of 20 to 25 percent.²
- **Align provider payment incentives to:**
 - Discourage providers from unnecessarily administering a drug in a high-cost setting (e.g., hospital outpatient) by **adopting reimbursements that are setting-neutral**.
 - **Eliminate higher fee-for-service provider payments** for prescribing high-price drugs rather than lower-cost alternatives.
 - **Expand the use of bundled payments** that include the total cost of care for a specific condition, inclusive of drug costs.
- **Enhance transparency in drug pricing** to discourage price discrimination or unfair practices.
- **Require discount and rebate parity** to secure the same prices for private carriers that are offered to governments and other third parties.

Modernize payment policies and protections to slow the rate of medical price inflation, which is expected to double by 2024.³ For example:

- To help protect consumers from excessive health care costs, **prohibit out-of-network providers treating individuals at in-network facilities from billing at more than a reasonable percentage of Medicare-allowed charges**.
- **Replace fee-for-service provider payment models** with risk sharing and performance-based payments that encourage greater accountability for care quality and cost outcomes.

¹ Centers for Medicare & Medicaid Services, National Health Expenditure Projections 2014-2024.

² UnitedHealth Center for Health Reform & Modernization. The Growth of Specialty Pharmacy, 2014.

³ National Health Expenditure Projections, 2014-24: Spending Growth Faster Than Recent Trends. *Health Affairs*, 2015.

- **Increase the supply of primary health care** by allowing nurse practitioners and physician assistants to take on increased responsibility so as to increase primary care capacity.
- **Establish medical malpractice legal “safe harbors”** for physicians who practice in accordance with evidence-based standards to reduce the practice of defensive medicine and lower provider malpractice premiums.

ELIMINATE COSTLY REGULATIONS AND TAXES

To make health care more affordable for individuals and employers and reduce inflationary pressures, eliminate costly taxes and burdensome regulations. For example:

- **Repeal the ACA’s Health Insurance Tax** and other government-mandated industry taxes and fees to prevent higher premiums for individuals and employers as well as to reduce state and federal costs of the Medicaid and Medicare Advantage programs.
- **Eliminate not-for-profit health insurers’ tax-preferred status** to level the playing field for all insurers.
- **Repeal federal rate review requirements** and ensure that State Departments of Insurance, which best understand local market conditions and can determine whether premium increases are appropriate, are equipped to review and oversee rates that are based on state circumstances and the total cost of coverage of the populations served.

DRIVE BETTER HEALTH OUTCOMES AND EFFICIENCIES THROUGH INTEGRATED DATA AND TECHNOLOGY

To improve the quality and efficiency of the health care system, capitalize upon integrated data and health care innovation to make the system more connected and informed. For example:

- Encourage aggregation and analysis of existing silos of data across the health care system to **better target clinical care and focus limited resources** on improving health outcomes.
- Incent a **transition to a complete paperless administration** that utilizes intelligent and integrated data analytics to **detect waste, fraud and abuse**.
- Support privacy laws that encourage secure and flexible access, use, and sharing of health information among providers, health plans, and others involved in a patient’s care to improve health care coordination and quality.
- Support sustainable efforts to expand consumer access to technologies such as mobile health applications, wearable devices, and remote monitoring tools that **help connect consumers to care outside of high-cost clinical settings**, enable informed decision-making, and promote greater involvement in health and wellness.

IMPROVE QUALITY AND EFFICIENCY THROUGH EVIDENCE-BASED, COORDINATED CARE

Incorporate data insights and proven care coordination techniques into health care delivery to help improve efficiency and quality by reducing hospital admissions, emergency room visits and medical errors associated with a fragmented care delivery system. For example:

- **Incorporate proven care management services and innovative clinical interventions**, such as in-home clinical visits, into Medicare and Medicaid fee-for-service benefits to reduce hospitalization rates and improve beneficiaries’ health outcomes.
- Working in collaboration with appropriate private sector entities, **create and use federal registries for specific diseases and conditions** (e.g., cancer, Alzheimer’s, diabetes) to compare treatment regimens, assess which regimens are more effective than others, and develop standardized, evidence-based treatment protocols that can be applied broadly across the health care system.
- Encourage the development and adoption of **well-designed automated clinical systems and tools**, such as order entry and decision support, to improve health care quality and consistency and reduce the risk of human error. Incorporate evidence-based treatment protocols into the design of electronic medical records to promote greater provider adherence.