

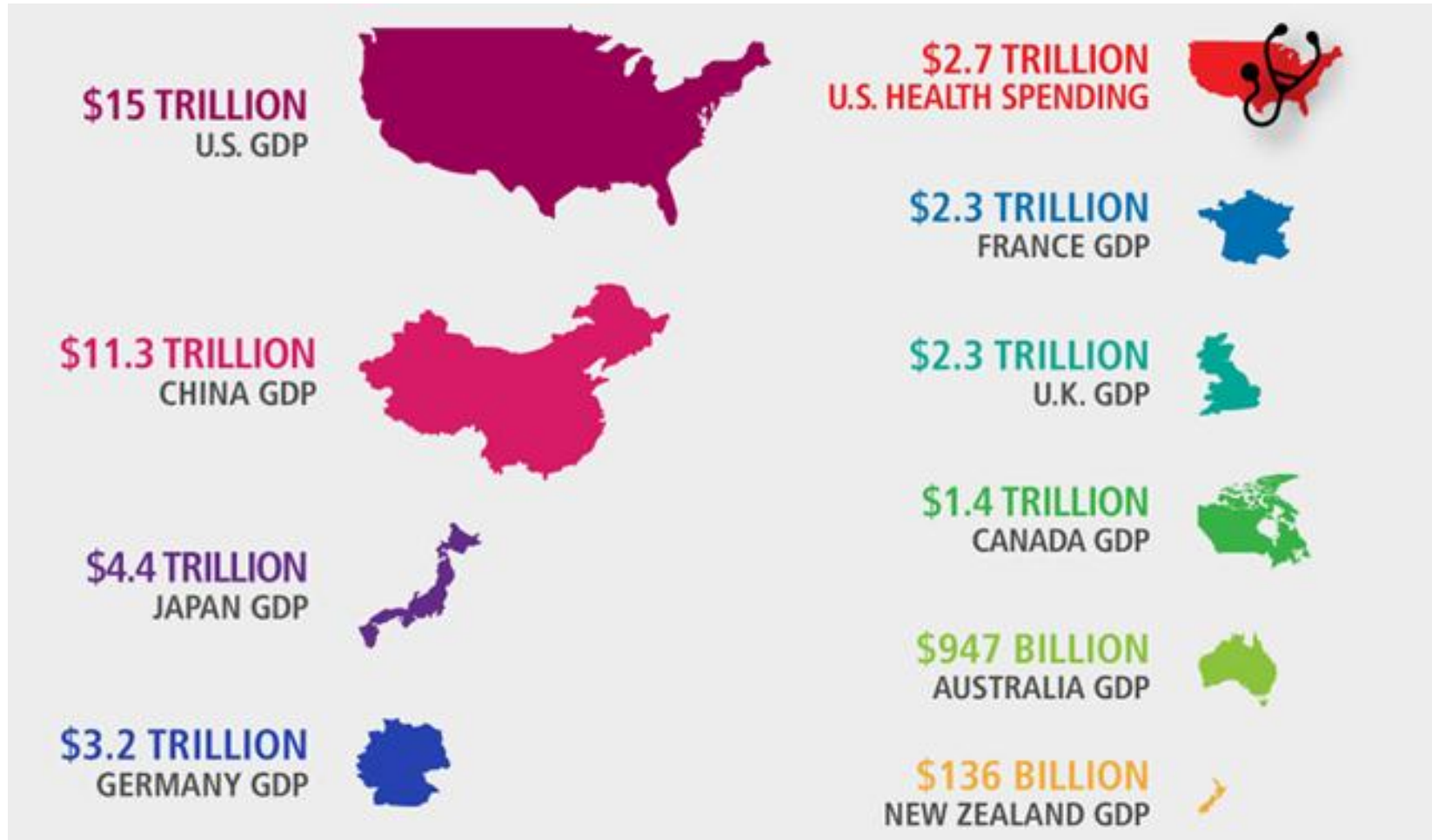


# **Confronting the Costs of Healthcare**

**David Blumenthal, MD, MPP  
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**20th Princeton Conference  
U.S. Health Care System in Transition  
Princeton, NJ  
May 22, 2013**

# U.S. Health Spending is Larger Than the GDP of Most Nations

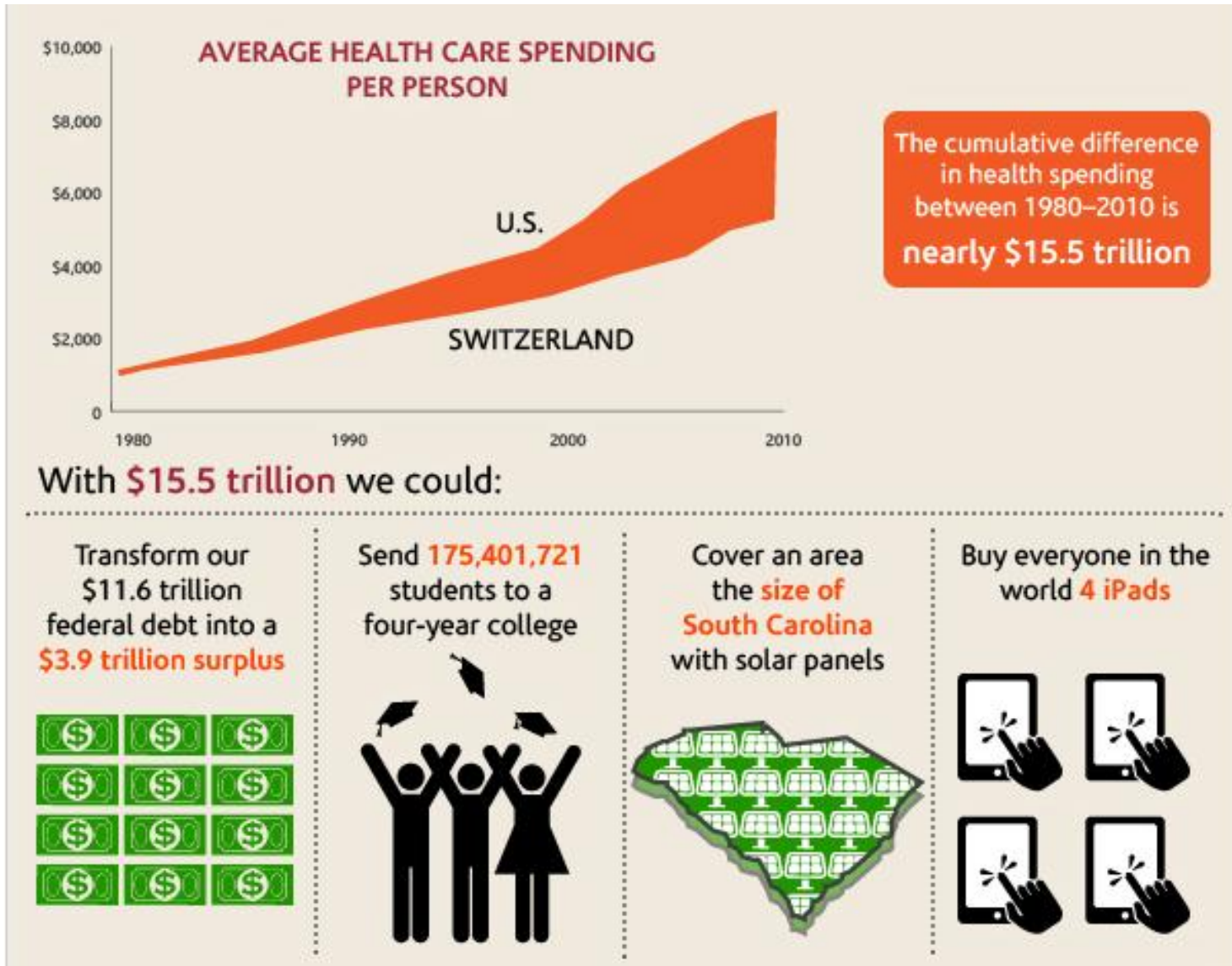


Notes: Data from 2011, adjusted for differences in cost of living

Source: D. Blumenthal and R. Osborn, *In Pursuit of Better Care at Lower Costs: The Value of Cross-National Learning*, (New York: The Commonwealth Fund, April 2013).

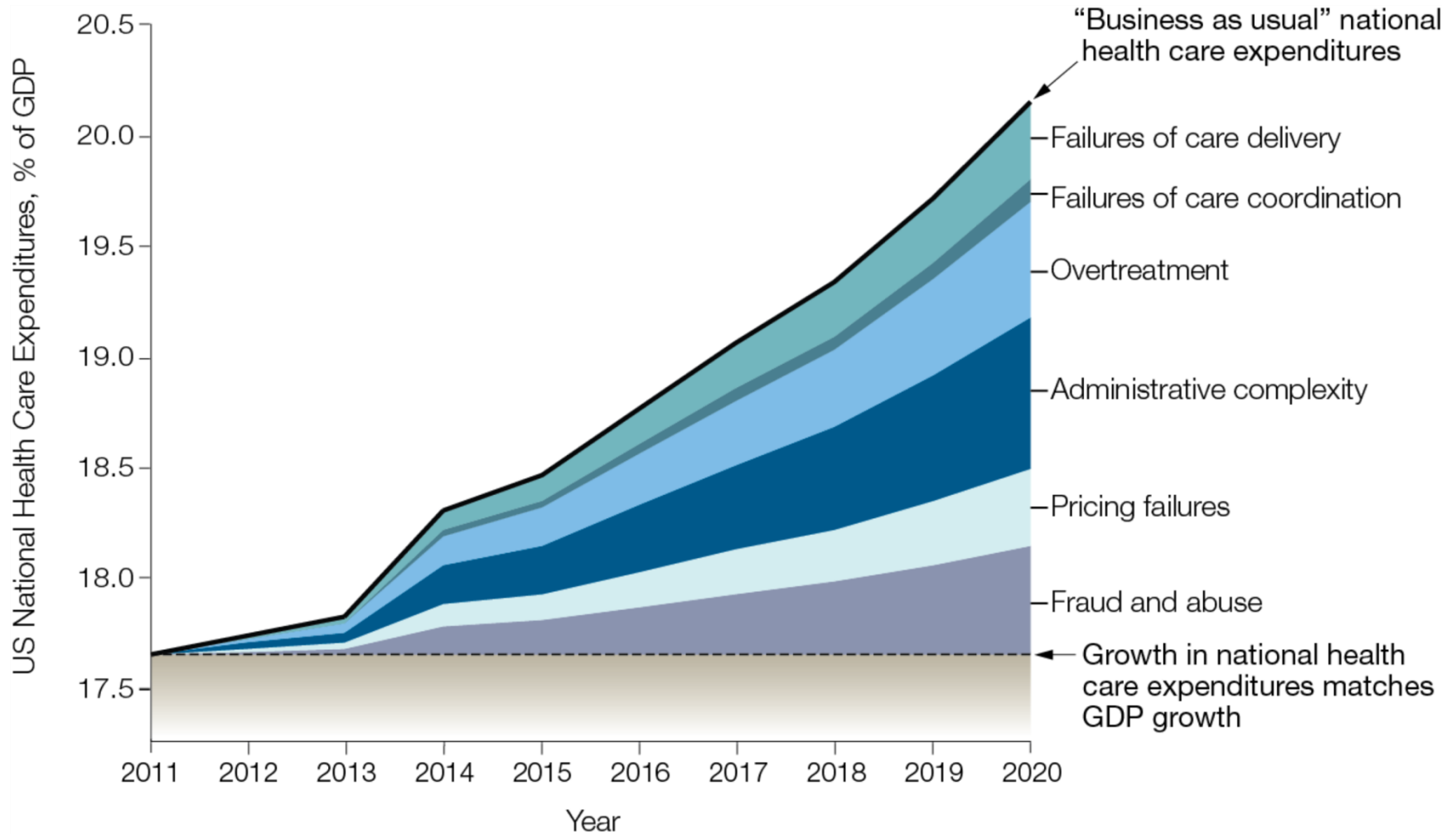


# What We Could Have Saved if We Had Matched the Next Highest Country (Switzerland)

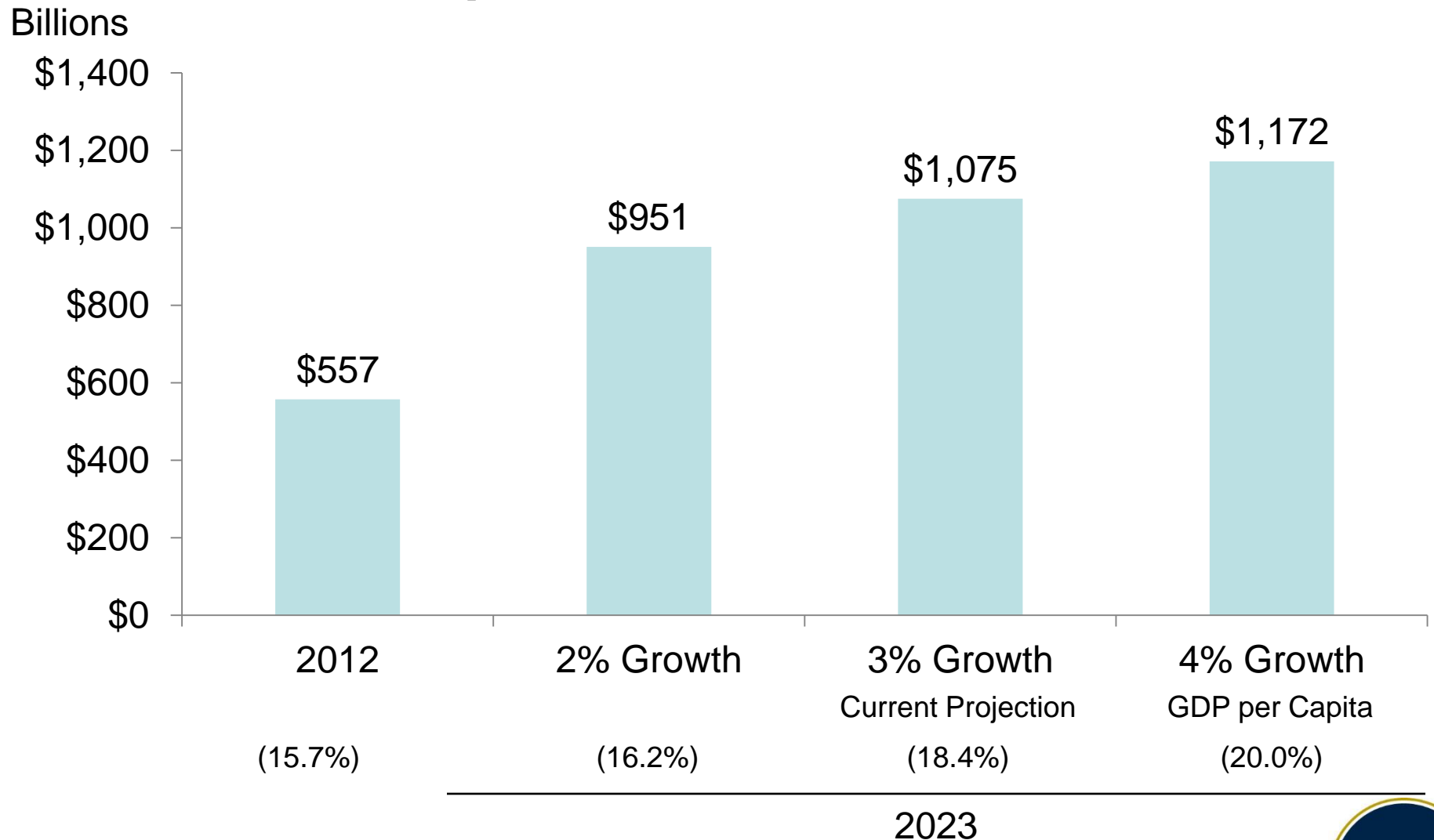


Note: Per capita spending amounts adjusted for differences in cost of living, total U.S. savings adjusted for inflation

# Eliminating Waste in US Health Care



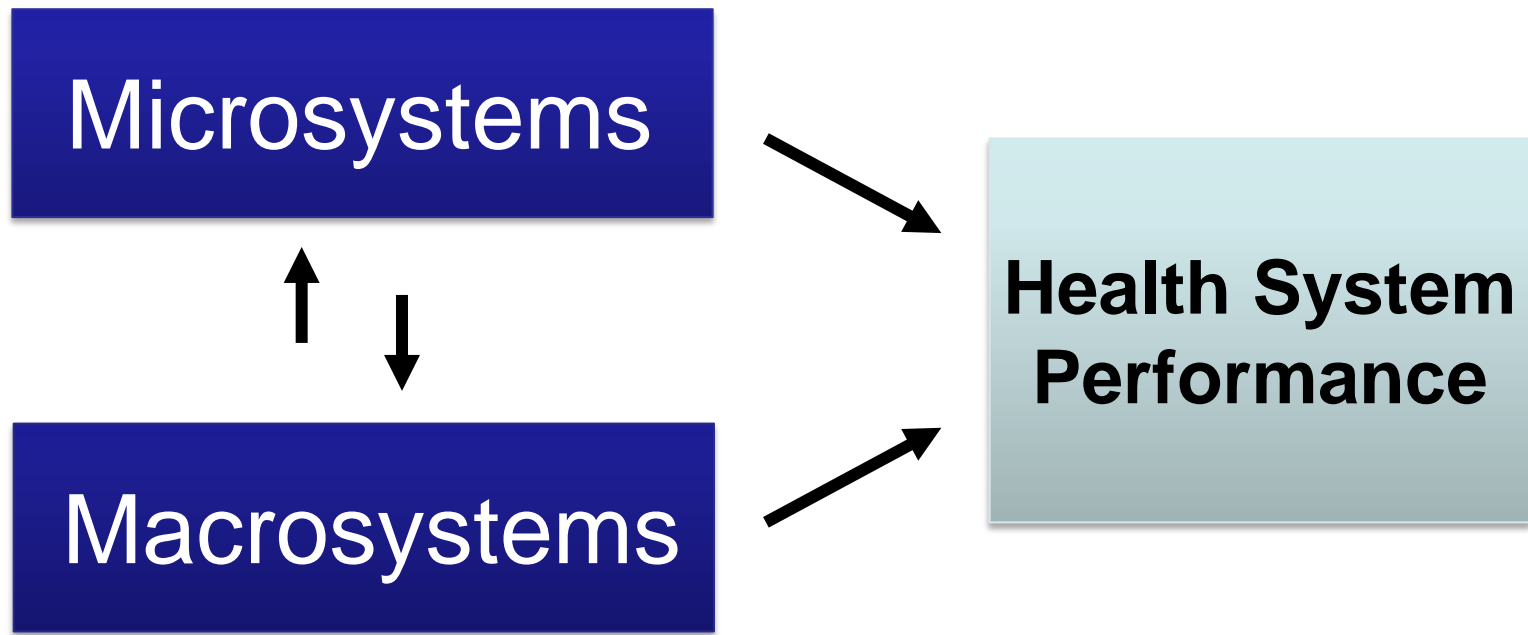
# Total Medicare Spending Under Various Scenarios for Per Capita Increases, 2012 and 2023



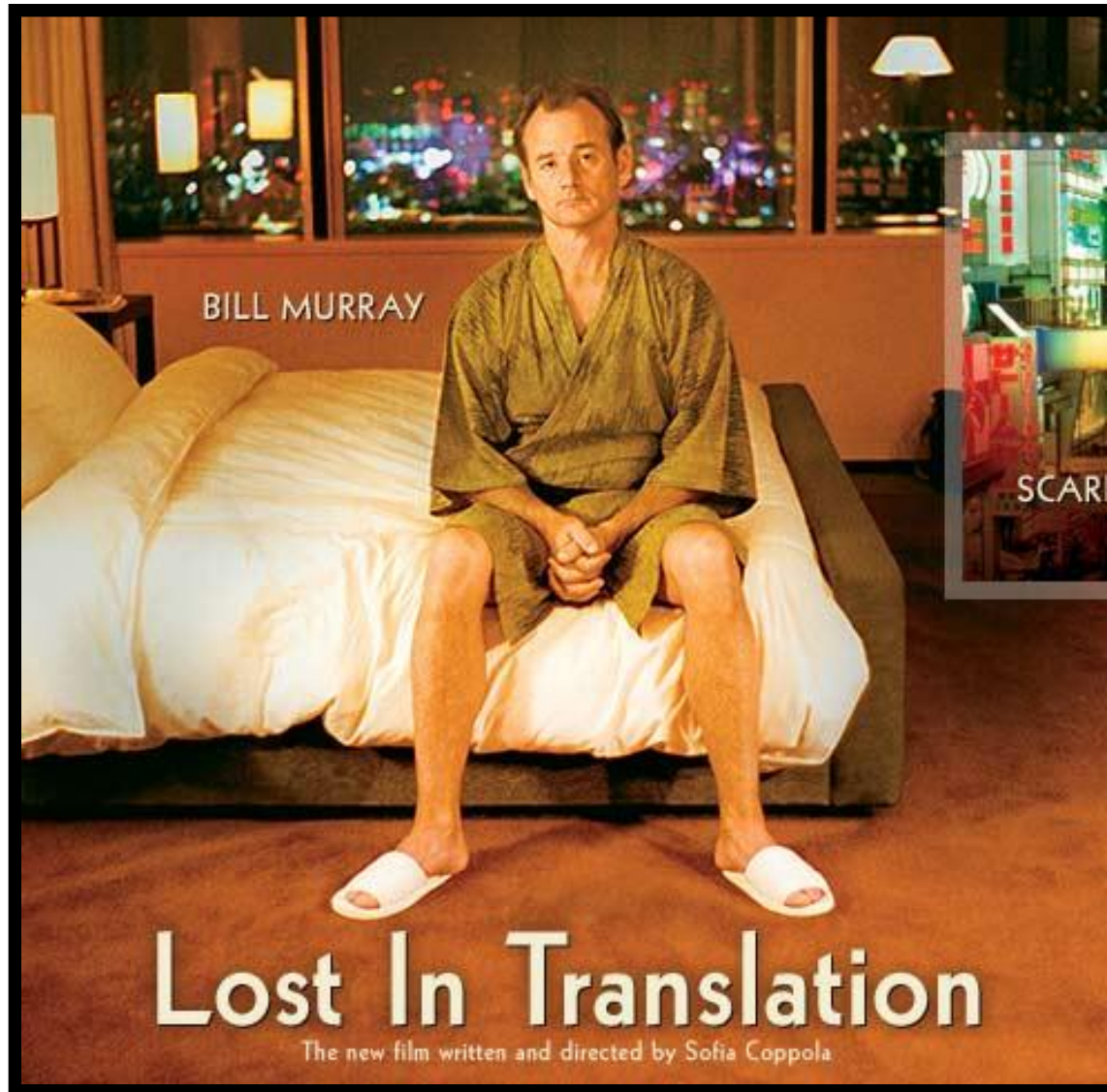
Note: CBO May 2013 baseline. Total outlays (mandatory + discretionary). Medicare spending / federal spending in parentheses.



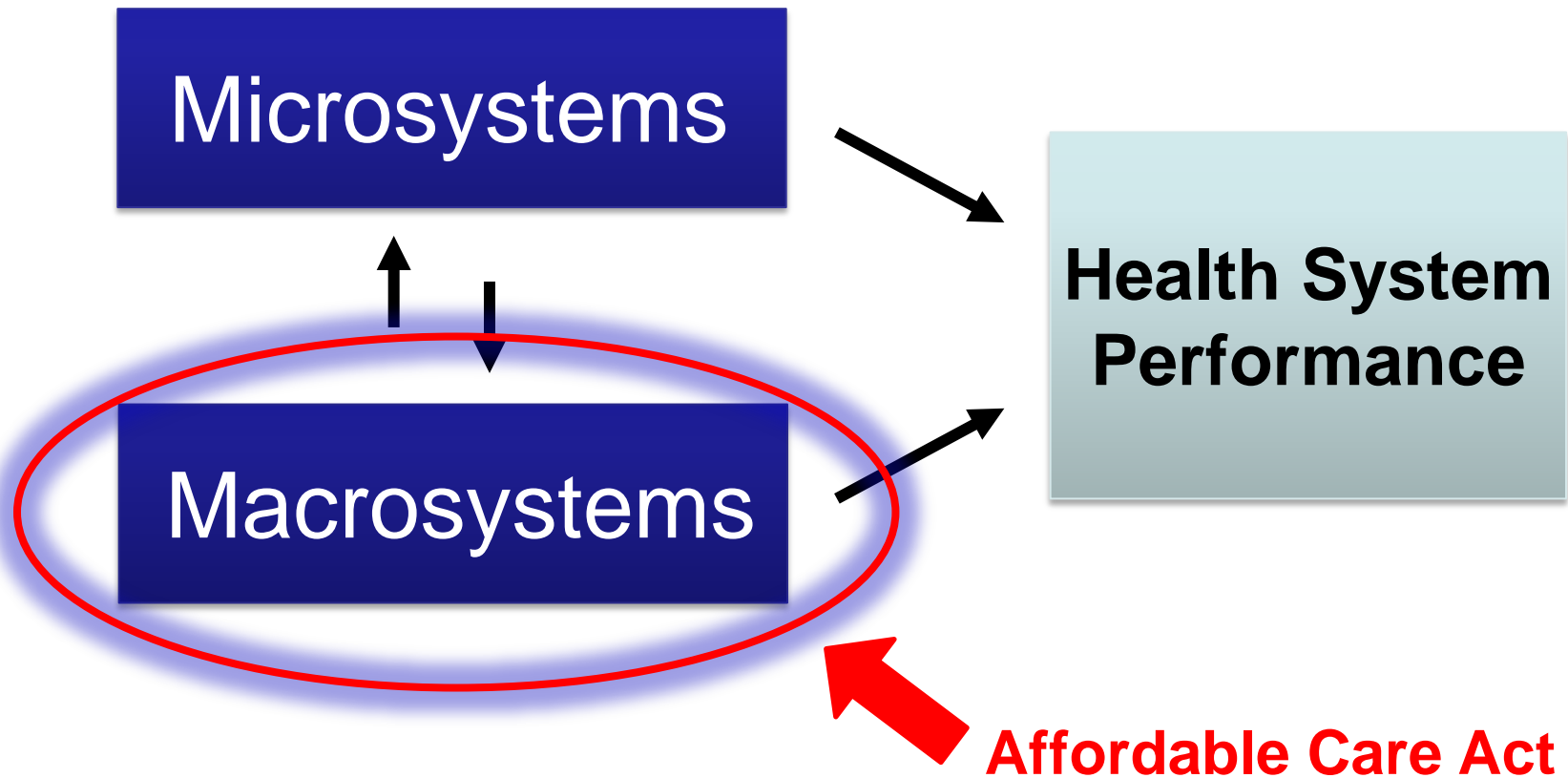
# Improving Performance





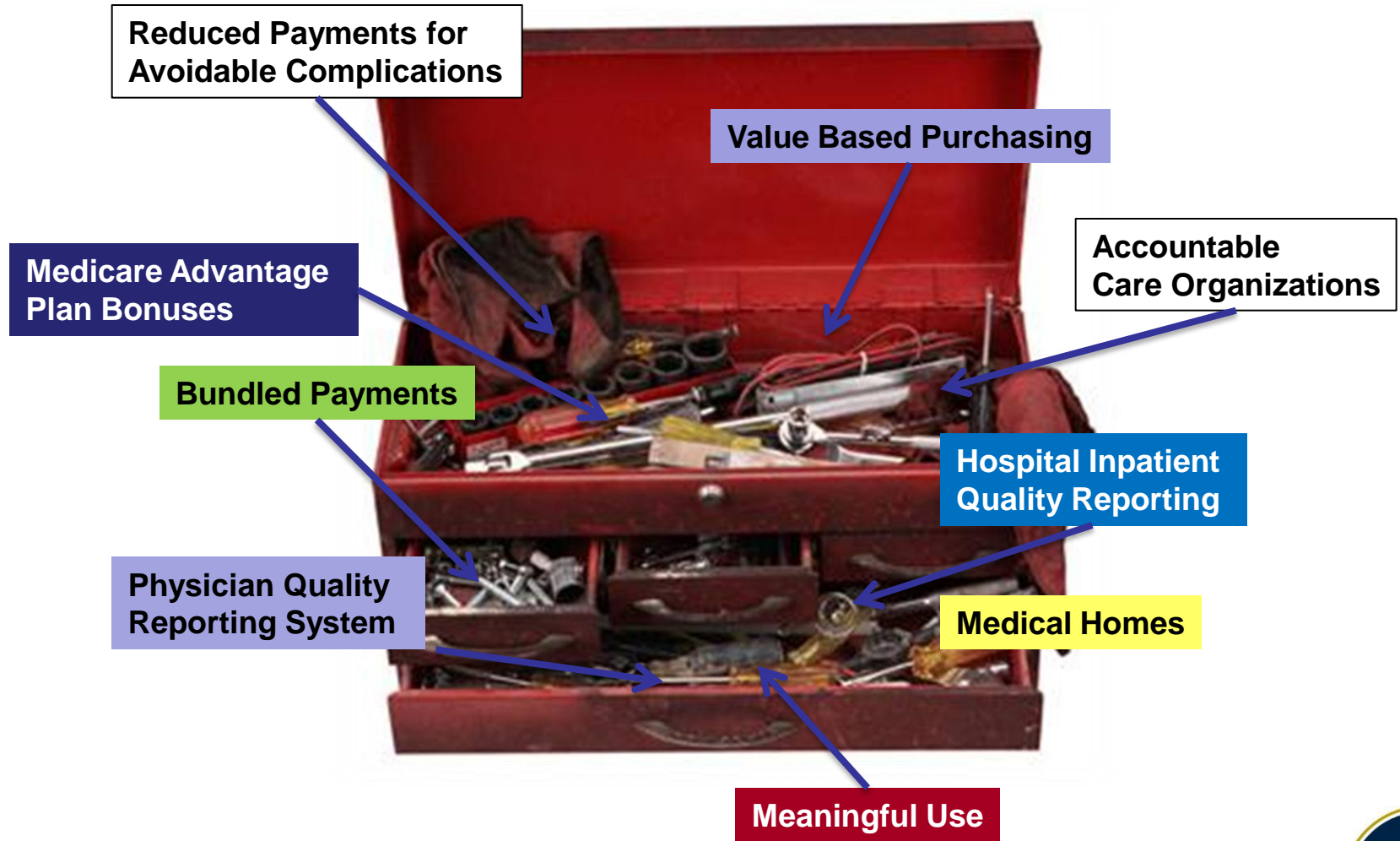


# Improving Performance



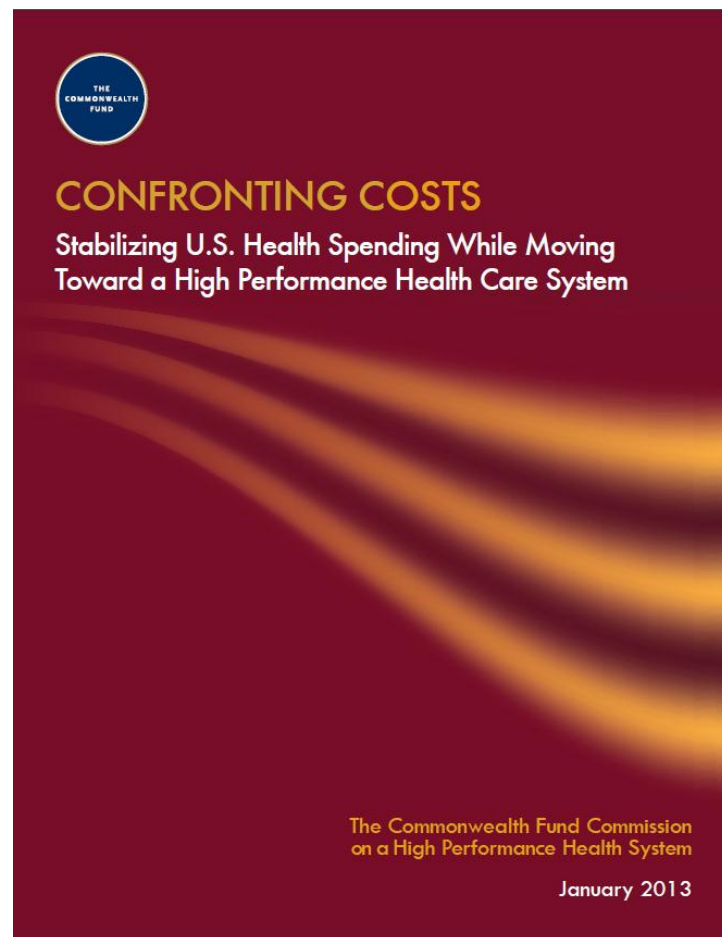


# The Affordable Care Act



# Synergistic Policies to Stabilize Costs and Improve Outcomes

- **Goal: Create incentives and structures for better care and lower cost throughout the continuum of health care services**
- **Bite the Bullet: National per Capita Cost Target**
- **Three pillars:**
  - **Payment Reforms to Accelerate Delivery System Innovation**
  - **Policies to Expand and Encourage High-Value Choices**
  - **Other Actions to Improve How Health Care Markets Function**



# One of Many Frameworks



# BROOKINGS



# Shared Approaches to Confronting Costs

- Provider payment reform
  - Repeal Medicare sustainable growth rate formula
  - Move from paying for volume to paying for value
  - Enhance support for primary care
- Delivery system reform
  - Tie payment reform to improvements in health care delivery
  - Encourage development and implementation of innovative delivery models
- Medicare reform
  - Improve financial protection for beneficiaries
  - Provide positive incentives for choosing high performing providers
- Consumer/patient engagement
- Enhancing performance of health care markets
  - Increase transparency of quality and cost information
  - Eliminate administrative inefficiency

# Update on Health IT

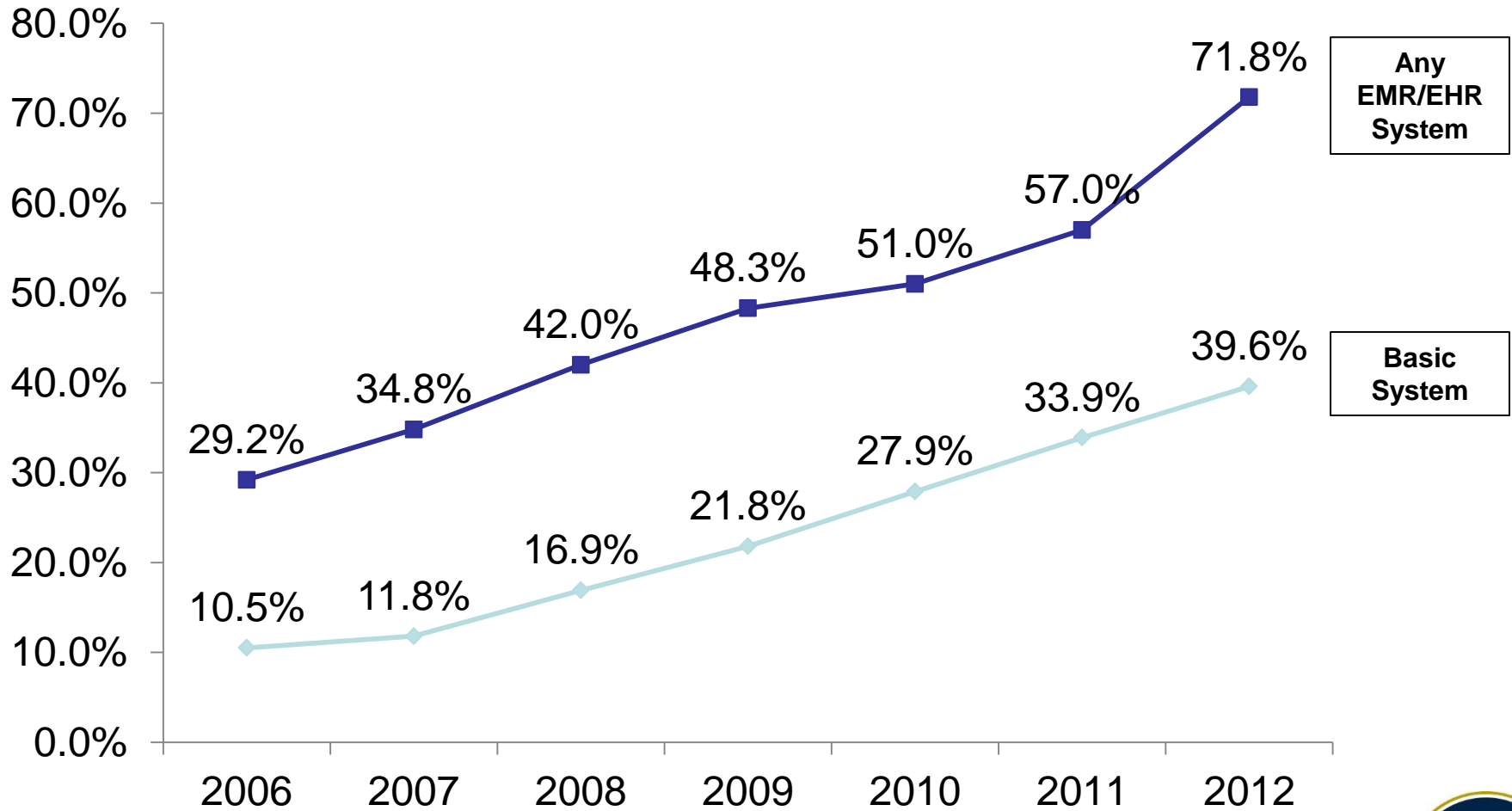


# MU Registration and Attestation

- Registrations as of March 2013:
  - More than 390,357 providers have initiated the registration process
  - New registrations at 6,000/month
- Meaningful use attestation became possible mid-May 2011
  - As of March 2013:
    - \$13.7 billion in payments to 259,000 unique providers
    - 244,655 are eligible professionals
    - 206,879 of the eligible professionals are physicians



# EHR Adoption Among Office-Based Physician Practices, 2006-12

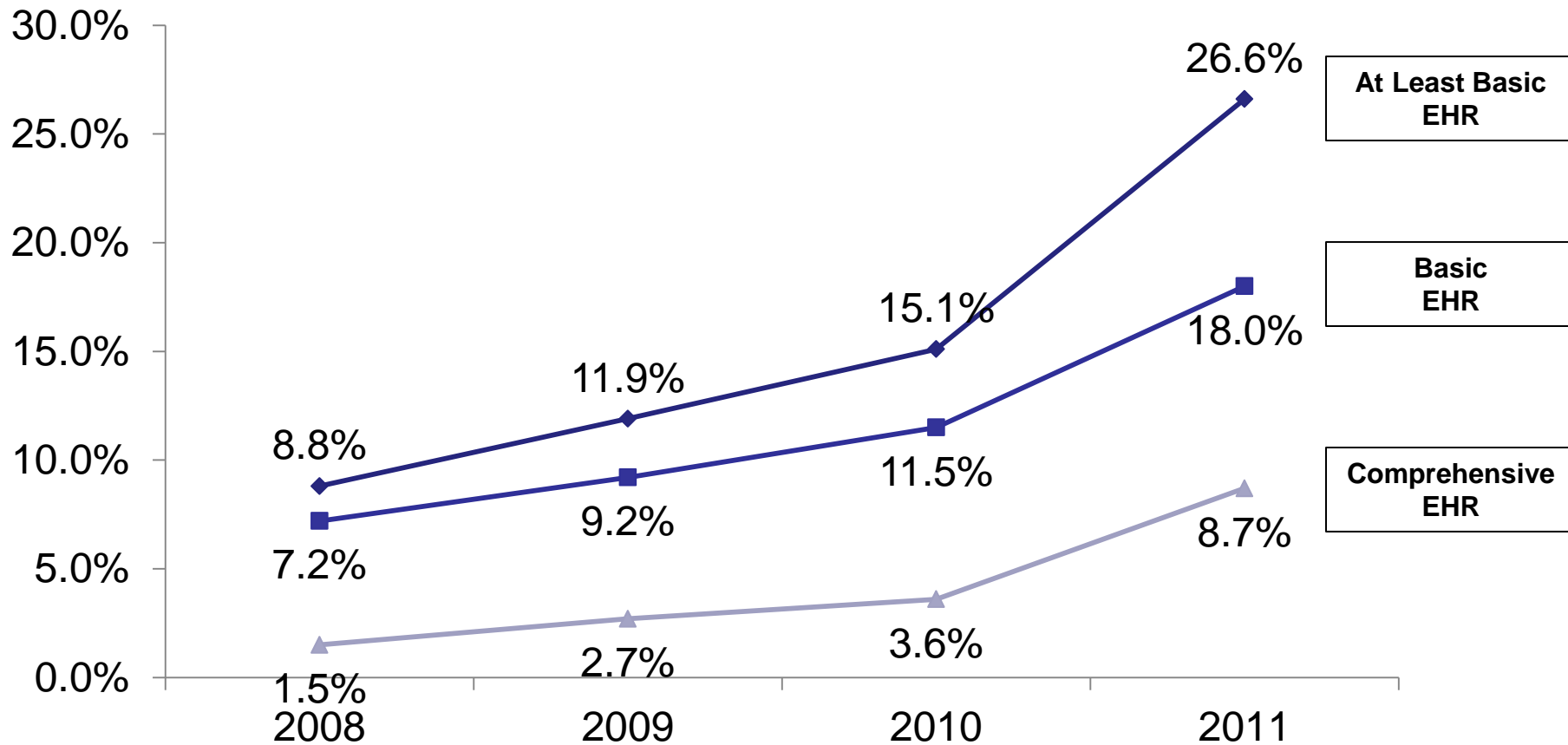


Source: Hsiao CJ, Hing E. Use and characteristics of electronic health record systems among office-based physician practices: United States, 2001–2012. NCHS data brief, no 111. Hyattsville, MD: National Center for Health Statistics. 2012.





# EHR Adoption Among Hospitals, 2008-11



Source: DesRoches CM, et al. Small, non-teaching, and rural hospitals continue to be slow in adopting electronic health record systems. Health Affairs, 2012.



# Question and Answer

