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New Report: States Can Transform Health Care System

Commission Recommends Ways to Improve Quality, Reduce Cost

The nation's governors and other state leaders can transform the current health care system into one that is more coordinated, patient-centered, of higher quality, and less costly, according to a new report. The report by the State Health Care Cost Containment Commission, organized by the University of Virginia's Miller Center, aims to jump start health care cost containment in 2014 as 46 state legislative sessions get underway.

"Cracking the Code on Health Care Costs" can be found at <http://web1.millercenter.org/commissions/healthcare/HealthcareCommission-Report.pdf>.

The commission is co-chaired by Mike Leavitt, former U.S. secretary of health and human services and governor of Utah, and Bill Ritter, former governor of Colorado. Its members represent all key sectors of the health care community and include health insurance, hospital, and physician group CEOs as well as representatives of the major purchasers of health care, such as Medicare, Medicaid, the private sector, and consumers.

"Lost in much of the debate over health care is the surprising number of policy levers available to state governments to transform the current fee-for-service health care system into one that delivers substantially more value to patients," said Leavitt.

The report says solutions must be tailored to the unique health care markets and cultures of individual states. The United States is now in a period of health care experimentation, and states are very adaptable at quickly modifying programs to ensure that they work as they did with clean air, welfare and education reforms, the report says.

"It is imperative for state leaders to seize this opportunity. Health care costs have escalated to the point where they are severely impacting family incomes and forcing cuts to federal and state education and infrastructure budgets," said Ritter.

The report recommends that states:

1. **Create an Alliance of Stakeholders to Transform the Health Care System** - To move toward a more cost-effective health care system, state government must form an alliance with purchasers, the medical community, and other stakeholders to create a consensus and commitment for change.
2. **Define and Collect Data to Create a Profile of Health Care in the State** - Working with their stakeholder alliance, states should establish a common definition of health care spending, identify quality-tracking measures, create a process for collecting cost and quality data, and conduct an initial analysis of where health care spending is above national norms.
3. **Establish Statewide Baselines and Goals for Health Care Spending, Quality, and Other Measures as Appropriate** - The state and its alliance should establish appropriate targets for limiting cost growth and quality improvements in the health care system.
4. **Leverage Payment Reforms to Accelerate the Trend Toward Coordinated, Risk-Based Care** - States should use health spending programs they administer to encourage the formation of high-performing coordinated care organizations that accept risk-based, global payments. Programs that states can use for leverage include Medicaid, the state employee health program (which can be combined with local government employees for increased influence), and health insurance exchanges.
5. **Encourage Consumer Selection of High-Value Care Based on Cost and Quality Data, and Promote Market Competition** - States can help ensure that consumers are given the cost and quality information they need to make informed health care decisions and that adequate competition exists in the health care marketplace. States can make the cost and quality of health care services more transparent by reporting such information on a statewide basis and requiring plans and providers to publish such information.
6. **Reform Health Care Regulations to Promote System Efficiency** - State health care regulations affecting insurance, benefits, scope of practice, and medical malpractice can influence health care costs. States should review these policies to ensure they promote efficiency and do not present obstacles to expanding the availability of risk-based, coordinated care.
7. **Promote Better Population Health and Personal Responsibility in Health Care** - States can use education and the bully pulpit, wellness programs for state employees, and public health initiatives to promote population health and encourage individuals to take more personal responsibility for their health care decisions.

In addition to Leavitt and Ritter, members of the commission include:

- Jay Cohen, executive chairman, Monarch HealthCare
- Michael L. Davis, senior vice president, global human resources, General Mills
- Lloyd Dean, CEO, Dignity Health
- Andrew Dreyfus, president and chief executive officer, Blue Cross Blue Shield of Massachusetts
- George C. Halvorson, former chairman and chief executive officer, Kaiser Permanente
- Joan Henneberry, former executive director, Colorado Department of Health Care Policy and Financing
- Robert Reischauer, Medicare trustee and former director, Congressional Budget Office
- Rob Restuccia, consumer advocate and executive director, Community Catalyst
- Glenn Steele, president and CEO, Geisinger Health System
- Simon Stevens, executive vice president, UnitedHealth Group.

Raymond Scheppach, former executive director of the National Governors Association, is director of the project. He is an economic fellow at the Miller Center and a professor of practice at U.Va.'s Batten School of Leadership and Public Policy.

The State Health Care Cost Containment Commission's efforts are funded by Kaiser Permanente and The Robert Wood Johnson Foundation.

More details on the commission can be found at <http://millercenter.org/policy/commissions/healthcare>.

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