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What does health care reform offer?

If costs are contained, the law could be an enormous step forward

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Eleven years ago, the Pittsburgh business community formed the nation's first multi-stakeholder regional coalition to improve the quality, safety and efficiency of health care. It was founded on the assumption that quality is the best cost containment strategy. The **Pittsburgh Regional Health Initiative** embarked on a journey of payment and delivery system reforms that proved more challenging than anyone anticipated.

Last Thursday, health care reform moved to center stage as a result of historic legislation. More than a few people have inquired: What, if anything, does PRHI regard as the most promising aspect of the recently enacted reforms? As the first and most active regional health care quality coalition in Pennsylvania, with a focus on quality, safety and cost containment, we hoped to find something in 2,400 pages that we could salute in this regard.

PRHI's focus isn't expanding coverage -- although we certainly aren't indifferent to this issue. Through a variety of changes in insurance regulation and other initiatives, the new law is forecast to enable as many as 32 million uninsured Americans to have decent, affordable coverage.

While there is controversy surrounding how that care will be financed, and concerns if runaway inflation of health care costs continue to spiral out of control, few would question the ethical obligation to extend care to many uncovered Americans. Removing barriers to insurance for persons with previously existing conditions opens coverage even more. Hopefully, this will encourage people to access preventive primary care and avoid costly emergency room visits and hospitalizations.

PRHI and similar regional quality coalitions across the country are focused on several bipartisan-supported, but little-noted, provisions of the new law. These provisions have the potential to "bend the curve" (i.e., reduce the rate of future increases) for health care costs. Some of this results from what is paid for and what is not.

Also, the final bill authorizes a series of ambitious experiments for transforming health care delivery and payment. In the long run, they have the potential to move our nation from a fee-for-service, volume-based system, through which we pay for care even if it doesn't help (or hurts) us, to a value-based approach that ties financial rewards to measurable, sustained improvements in patient outcomes and responsible efficiencies.

The law restricts payment for waste, error and preventable complications. Credible estimates ascribe as much as 40 percent -- $1 trillion -- of health care spending to avoidable complications, unnecessary treatment and embedded inefficiencies. In the future, Medicare will reduce and terminate payments to hospitals when preventable medical errors and avoidable complications occur. This policy has the potential to save patient lives and hundreds of billions of dollars annually. (Pennsylvania implemented such policies for state-financed health care programs several years ago.)

Other provisions continue the transformation of our health care delivery and payment systems by rewarding consistently high standards of care. PRHI and its local clinical partners have conducted dozens of experiments in virtually every health care setting, proving repeatedly that high quality care is the most cost-effective care. Findings conclude that, currently, providers are often penalized financially for initiating actions that save money and improve patient outcomes. A value-based approach to paying for health care services would reward providers who achieve higher standards of care, not penalize them. A new Medicare commission will explore payment options that move in this direction, a critical first step in payment reform.

To test new options, Congress has directed federal health agencies to undertake a series of regional experiments in coupling health care quality and payments: value-based purchasing by Medicare of health care services from hospitals, physicians and other providers; partnerships between hospitals and private patient safety organizations; accountable care organizations, through which groups of providers would be jointly and financially responsible for better patient outcomes -- and responsible restraints on overuse; and expanded quality and safety research, with results accessible to patients and physicians.

In addition, the new law recognizes the centrality, and cost effectiveness, of adequate funding for primary care physicians and their prevention activities. Medicare and Medicaid payments to primary care physicians will be increased and primary care practices that actively coordinate all aspects of their patients' care -- "patient-centered medical homes" -- will qualify for additional payments.

Federally Qualified Health Centers will expand and will receive funding to integrate mental health services into the primary care medical setting. PRHI has been influential in this work, and it is rewarding to see that it will be furthered. Mental health issues complicate the management of chronic disease. Also, there are data to support the cost effectiveness of treating depression and substance abuse before they are at a crisis stage requiring hospitalization.

With a 12-year track record of pioneering in these key areas, PRHI and southwestern Pennsylvania benefit from these aspects of reform and are better poised to continue our work. If we are successful in bending the health care cost curve and containing medical inflation by seeding quality, safety and best practices, we will have taken an enormous step toward assuring America's future prosperity, productivity and well-being.

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