



## NEWS RELEASE

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### **HEALTH CARE LEADERS: PAY-FOR-PERFORMANCE MOST EFFECTIVE WAY TO REDUCE HEALTH CARE COSTS**

#### **Disease Management for High-Cost Conditions, Primary Care Case Management Best Ways to Reduce Unnecessary Care**

##### *Shifting More Costs to Patients Seen as Least Effective Way to Cut Unneeded Services*

New York City, May 13, 2005—Rewarding more efficient and high-quality providers ranked first among effective ways to cut health care costs, according to the latest Commonwealth Fund Health Care Opinion Leaders survey, an online survey of widely recognized U.S. experts in health care practice and policy. A majority (57%) of respondents rated pay for performance as an extremely or very effective way to reduce health care costs.

When asked which methods would be most effective in reducing unnecessary utilization of health care services, a majority (56%) of respondents rated disease management for patients with high-cost conditions and enhanced primary care case management highest. Respondents in the health care delivery sector were especially enthusiastic about this method, with seven of 10 (71%) calling it an extremely or very effective way to reduce unnecessary utilization of services.

Use of evidence-based medicine was ranked a close second, with about half (52%) of opinion leaders surveyed rating this as extremely or very effective. Requiring patients to pay a substantially higher share of health care costs was ranked lowest, rated as an extremely or very effective way to reduce unnecessary care by fewer than one-third of respondents (31%). Two of five (41%) respondents said that streamlining administrative costs—including standardizing insurance products and processes—would be an extremely or very effective way to reduce insurance overhead.

“Pay for performance has been gaining attention as an effective strategy of improving quality of care,” Fund President Karen Davis wrote in her May president’s column on the Fund’s website. “Health care opinion leaders view pay for performance not just as a way to reward quality, but as a strategy to raise efficiency in health care delivery,” says Davis.

#### **HOW EFFECTIVE DO YOU THINK EACH OF THESE POSSIBLE ACTIONS WOULD BE TO REDUCE HEALTH CARE COSTS?**

**(Percent saying extremely or very effective)**

Reward more efficient and high-quality medical-care providers	57%
Improve disease management and primary care case management	56%
Use evidence-based guidelines to determine when a test or procedure should be done	52%
Expand the use of information technology	46%
Have all payers, including private insurers, Medicare, and Medicaid, adopt common payment methods and rates	44%
Have patients pay a substantially higher share of their health care costs	31%

A summary of the survey results is posted today on the Fund's site, [www.cmwf.org](http://www.cmwf.org), along with Davis' column, "What To Do About Health Care Costs? Views of Health Care Leaders." Also posted are commentaries by two panel members, Helen Darling, president of the National Business Group on Health, a national non-profit, membership organization devoted to providing practical solutions to its employer-members' most important health care problems, and Alan R. Nelson, M.D., special advisor to the CEO of the American College of Physicians and a former president of the American Medical Association.

The opinion leaders were also asked about effective ways to reduce high insurance overhead. Forty-one percent of respondents said increasing collaboration among public programs and private insurers to streamline administrative costs would be extremely or very effective in reducing overhead. Other methods received less support, including making health insurance a public utility (29% rated extremely or very effective), a more competitive market with strong competition among different insurers (25%), state electronic clearinghouses (22%), and making information on administrative overhead for private insurance publicly available (21%).

Other key findings from the survey:

- Nearly half (46%) of total respondents rated expanding use of information technology (IT) as an extremely/very effective way to reduce unnecessary use of services. Over half (56%) of those in the health care delivery sector rated this as an extremely/very effective method, higher than respondents in other sectors.
- Only one-third of respondents said an effective way to lower costs would be to make comparative information on provider quality and total cost of care publicly available (35%), or providing comparative information on total resource consumption and quality to physicians and hospitals (33%)

The online survey of experts, representing a range of health care sectors and diverse perspectives, is the third in a bimonthly series conducted by Harris Interactive for the Commonwealth Fund, designed to highlight leaders' perspectives on the most important and timely health policy issues facing the nation. This survey focused on potential ways to lower health care costs. Respondents were given five possible options to choose from in each of three areas: methods of reducing the price of health care, methods of reducing unnecessary utilization of health care services, and methods of reducing health insurance overhead.

**Methodology:** The online survey was conducted by Harris Interactive® between April 7, 2005 and April 21, 2005. The survey was delivered via e-mail to a panel of 1,256 opinion leaders in health policy and innovators in health care delivery and finance; 289 responded. The sample was developed jointly by The Commonwealth Fund and Harris Interactive by identifying experts across different health care industries and professional sectors with a range of perspectives, and then asking them to nominate others within and outside their own fields whom they would consider to be leaders and innovators in the health care industry. The data were not weighted and are representative of the opinion leaders and innovators surveyed. The survey has an overall margin of sampling error of plus or minus 6 percentage points at the 95 percent confidence level. This online sample is not a probability sample.

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