



# *In the Literature*

Highlights from Commonwealth Fund-Supported Studies in Professional Journals

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## Health Care Reforms in the USA and England: Areas for Useful Learning

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### Synopsis

Two landmark health reform bills recently passed in the United States and England have similarities in their approaches to financing, organizational structure, and information technology—enabling policymakers in both countries to compare the results of one another’s efforts and extract lessons. For example, both countries are experimenting with bundled payments and with instituting value-based purchasing, which reward hospitals for improved quality of care and penalize low-performing institutions. In addition, England’s early adoption of electronic health records (EHRs) and the country’s use of data to measure clinical outcomes provide instructive guidance for the U.S. as it promotes the use of EHRs in hospitals and physician offices.

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### Background of Reform

Despite significant differences in the way they deliver and pay for health care, both the United States and England face the same imperative: to reduce the cost of delivering care to their aging populations while simultaneously addressing deficiencies in the quality and safety of care. In the U.S., health care consumes a huge portion—almost 18 percent—of the nation’s gross domestic product (GDP) and the system fails to insure a sixth of the population. There are high medical error rates and missed opportunities to manage common chronic diseases. In contrast, publicly funded health care in the U.K. only accounts for less than 10 percent of GDP. However, as in the U.S., the English government is also making substantial efforts to reform the health care system—to improve the quality of care, to respond to severe economic pressures, and to decentralize and remove layers of bureaucracy. Using research supported by The Commonwealth Fund, this article published in the *Lancet* identifies similarities and differences in their approaches to payment reform, organizational restructuring, and information technology and management.

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**“Conscious and purposeful cross-national learning about experience with these interventions should be a priority for developed nations struggling with aging populations, increasing demands for health services, and restricted resources.”**

## Key Elements of Health Reform in the U.S. and England

- **Payment reform.** Both the U.S. and England are seeking to reduce the growth in expenditures to sustainable levels—ideally close to or no higher than growth in GDP. In addition, both countries are introducing similar revisions to existing payment schemes. In the U.S., the Affordable Care Act allows for bundling of payments for inpatient physician services and postacute care, with an ultimate goal of improved coordination across care settings. England is experimenting more tentatively with bundling payments for hospitals to include preadmission and postdischarge care. The two countries are also instituting value-based purchasing, which reward hospitals for improved quality of care and penalize low-performing institutions. The U.S. is experimenting with accountable care organizations that enable providers to share in the savings that result from more efficient, higher-quality care. England, meanwhile, is establishing “clinical commissioning groups” that will enable primary care providers to control the allocation of about 65 percent of all National Health Service expenditures.
- **Organizational changes.** Both England and the U.S. are working to strengthen their primary care systems and have invested in developing and testing innovative models of care. At the same time, the U.S. has created two entities: the Independent Payment Advisory Board, which is tasked with finding ways to stem Medicare expenditures, and the Centers for Medicare and Medicaid Innovation, which will identify, test, and spread new models of care. In England, the Health and Social Care Act is leading to the dismantling of several agencies—like primary care trusts and strategic health authorities—but is creating a central commissioning board to supervise clinical commissioning groups, establish risk-sharing arrangements, and develop payment strategies.
- **Information technology and management.** England is well ahead of the U.S. in the adoption of EHRs in the primary care sector, but has struggled to create a hospital system and to link inpatient and outpatient care electronically. In the U.S., even before passage of the Affordable Care Act, the country invested up to \$30 billion for the promotion of adoption and meaningful use of EHRs, with an end goal of creating a nationwide, secure, interoperable system. In addition, the health care law creates a new independent Patient-Centered Outcomes Research Institute, which will support comparative effectiveness research with funds from public and private sources expected to total nearly \$500 million annually.

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### The Bottom Line

England and the United States are addressing similar challenges, including how to get more value out of health care spending, and both nations are experimenting with techniques to steer clinicians, institutions, and patients toward value-enhancing behaviors.

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