



NEWS RELEASE

Embargoed for release:
9:00 a.m., Wednesday,
November 12, 2003

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SOLUTION TO U.S. HEALTH CARE COST AND QUALITY PROBLEMS REQUIRES LEADERSHIP FROM FEDERAL GOVERNMENT

New York City, November 12, 2003—The federal government needs to take a leadership role to solve problems of quality and cost in the U.S. health care system, best carried out by a new independent federal agency that would set national priorities for quality and develop standards of care, according to an article by researchers at The Commonwealth Fund, published today in the journal *Health Affairs*.

In "Obtaining Greater Value From Health Care: The Roles Of The U.S. Government," Stephen C. Schoenbaum, M.D., Anne-Marie J. Audet, M.D., and Karen Davis argue that because it is the single largest payer for health care and single largest provider of care, the federal government has the power to direct action to improve care and set the stage for others to follow. Further, in a fragmented system with so many independent parties—including 5,500 acute care hospitals, 18,000 nursing homes, 800,000 physicians, licensure boards and regulatory agencies in all 50 states, and hundreds of insurers—leadership to improve health care quality is unlikely to come from within the health care industry.

"There is wide agreement about the need to address the crisis of poor quality of care, high rates of medical error, and escalating costs in our health care system, but there is no agreement on how that should be accomplished," said Schoenbaum, senior vice president at the Fund. "Federal organization, leadership, and facilitation can make an enormous difference, and can be designed in a way that preserves the private nature of the health care system." One example is the auto industry, and our ability to drive more safely and efficiently due to auto safety and federal highway standards.

The new independent federal agency, could, after broad consultation with the public and all sectors of the health care industry:

- Review evidence of effectiveness and establish clinical guidelines and standards for staying healthy, getting better when ill, and living with chronic illness.
- Determine the parameters of care that all Americans should expect—for example, having a regular source of care, access to medical records, and reasonable waiting times for care.
- Establish national performance standards—for example, that all people over age 65 be immunized against the flu.
- Collect, publicly disseminate, and track data on performance to determine how well standards are being met.
- Resolve disagreements among stakeholders by weighing evidence rather than through political influence.

Other roles of the new agency would be to establish performance-based payment policies, and invest in the health care infrastructure needed to sustain quality, technical assistance, research, and training.

"The current level of spending on quality improvement by the federal government is grossly insufficient, amounting to support for the Agency for Healthcare Research and Quality, which represents less than two-tenths of a percent of the nation's health care spending," said Audet, assistant vice president at the Fund.

"The development of quality standards and guidelines would not be costly, and the payoff would be great in terms of potential life years saved and medical errors avoided," said Davis, president of the Fund.

**The Commonwealth Fund is a private foundation supporting independent research on health and social issues.
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