



## NEWS RELEASE

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# **New Analysis: Congressional Health Reform Bills Before Congress Could Improve Quality and Efficiency, But Fall Short of National Strategy**

*Bills That Change Payment Systems Hold Greatest Promise;  
Bills on Transparency and Information Technology Represent Modest Steps*

New York, NY, July 26, 2007—Several health reform bills before Congress could lead to significant improvements in health care quality and efficiency, but they fall short of an overarching, coordinated plan that would create a better overall health care system for the country, according to an analysis released today by the Commonwealth Fund and prepared for the Commonwealth Fund Commission on a High Performance Health System.

The report, [\*An Analysis of Leading Congressional Health Care Bills, 2005-2007: Part II, Quality and Efficiency\*](#), is the second installment in a two-part series assessing major health care proposals before Congress. The analysis indicates that bills seeking to change Medicare's payment structure hold the most promise for health care savings and quality improvement.

The first installment of the analysis of health care bills, released in March 2007, analyzed and compared leading health care bills to expand health care coverage. That analysis indicated that several of the leading bills, if enacted, could lead to universal insurance coverage and had the potential to reduce U.S. health spending by up to \$61 billion.

At a time when health care is dominating the domestic policy agenda, and as presidential candidates put forward their health care plans, the Commonwealth Fund analysis offers insights and recommendations for elements needed to improve the current health care system. "There is no question that the leading health care bills introduced into Congress in the past two years are important steps toward addressing serious deficiencies in this country's health care system," said Karen Davis, President of The Commonwealth Fund, and lead author of the study. "Yet taken as a whole, they leave important gaps—gaps that will prevent this country from providing accessible, high-quality, efficient care to all."

What's missing in the current legislative agenda? An overarching strategy. Davis and colleagues recommend:

- A coordinated policy strategy with national goals to guide improvement efforts, establish priorities, ensure implementation of effective strategies and monitor their impact.
- Fundamental payment reform that moves away from the current fee-for-service model and emphasizes paying for care coordination and population- or episode-based care and reducing the differential between high payment for procedures and relatively low payment for primary care services.
- Creation of an entity such as a National Quality Coordination Board, as recommended by the Institute of Medicine, to ensure that public and private efforts reinforce each other.
- Creation of a center that would offer comparative effectiveness information for drugs, devices and procedures.
- Reorienting the health care system to encourage prevention, early primary care, and chronic disease management, including patient designation of a patient-centered primary care home.
- Access for patients to their own medical records, along with patient information and tools to share in decision-making.

According to Davis and co-author Sara Collins, assistant vice president at The Commonwealth Fund, significant improvements in quality will require greater federal involvement in health care, not only in financing insurance coverage but also in the enhancement of federal programs and policies aimed at improving health system performance. By focusing on quality improvement and efficiency, the government and the private sector can get a better return for their substantial investment in health care, according to the analysis.

Legislative proposals that would reform the payment structure for health care services are likely to lead to real improvements in quality and the most likely to lead to savings in the health system, according to the analysis. Early evidence from pay-for-performance initiatives indicate that even modest financial incentives for hospitals contribute to improved quality.

According to the analysis, current bills addressing transparency and health information technology may not be sufficient to achieve a high performance health system. In the case of health information technology, proposals would put in place mechanisms for setting standards, fund a national office for coordinating health information technology and provide modest grant funding, but fall short of removing the financial barriers to widespread adoption of information technology and creation of health information exchange networks.

Proposals selected for inclusion in the report either had the potential to significantly affect quality and efficiency in the nation's health care system, had bipartisan support or were unique and innovative. The executive summary and full report are available on the Commonwealth Fund's website, [www.commonwealthfund.org](http://www.commonwealthfund.org).

## Methodology

*Congressional Health Care Bills, 2005–2007: Part II, Quality and Efficiency*, addresses the major bills introduced over 2005–2007 designed to advance the quality and efficiency of the health system. They include bills related to:

- Medicare prescription drug coverage
- Medicare payment reform
- Transparency
- Health information technology
- Systems to ensure patient safety
- Medical liability reform
- Eliminating disparities

The report analyzes these proposals against the dimensions of performance included in The Commonwealth Fund Commission on a High Performance Health System's [\*National Scorecard on U.S. Health System Performance\*](#): the health system's support of healthy lives; health care quality, including the provision of effective care as well as safe, coordinated, and patient-centered care; access to care; efficiency; equity; and the system's capacity to innovate and improve. Health Policy R&D provided detailed side-by-side comparative analysis of the legislative bills.

A prior report, [\*Congressional Health Care Bills, 2005-2007: Part I, Insurance Coverage\*](#), analyzed the likely effect on health system performance of congressional legislative proposals to extend health insurance coverage.

**The Commonwealth Fund is a private foundation working toward a high performance health system.**