



NEWS RELEASE

For immediate release:
April 27, 2009

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New Survey: Health Care Cost Growth Can Be Slowed; Payment Reform, Negotiating Prescription Drug Prices Seen As Potential Solutions

Health Care Opinion Leaders Support Many of President Obama's Strategies For Reducing Health Care Costs, See Current Spending Growth Rates As Untenable

New York, N.Y., April 27, 2009—Health care leaders believe the U.S. must rein in the growth of health spending, and most believe it is possible to keep the share of gross domestic product (GDP) now spent on health care steady over the next 10 years. Nearly all respondents (96%) to the latest Commonwealth Fund/*Modern Healthcare* Health Care Opinion Leaders Survey agreed that spending must slow and large majorities expressed support for a range of strategies to reduce costs, including many of those outlined in President Obama's budget blueprint. Currently, the nation as a whole spends 17 percent of GDP on health care; that proportion is projected to grow to 21 percent by 2020.

"Although the United States spends more than any other country on health care, too many Americans are still falling through the cracks," said Commonwealth Fund President Karen Davis. "These survey results show substantial consensus among leaders on the need to control health care costs while fundamentally transforming our health care system to one that provides affordable high-quality coordinated care for all Americans."

Specifically, opinion leaders voiced strong support for various aspects of payment reform, including moving away from 'fee-for-service' payment toward 'bundled' payment (70%), aligning Medicare Advantage rates with those paid in traditional Medicare (77%), and providing greater incentives for high performance care (87%). Having Medicare negotiate prescription drug prices was supported by 82 percent of respondents, including 76 percent of respondents from business, insurance, and other health care industries.

Promoting the growth of integrated delivery systems (62%), increasing payments for primary care and medical homes (61%), and establishing a center for comparative effectiveness (54%) also were widely supported, as were replacing the Medicare Sustainable Growth Rate mechanism with fundamental provider payment reform (66%), introducing competitive bidding for durable medical equipment (91%), and negotiating pharmaceutical drug prices (82%). Respondents showed little support for liability reform or greater cost sharing by patients.

Other findings from the survey include:

- Of the proposals outlined in President Obama's budget blueprint, experts were nearly unanimous in their support for reforming the physician payment system to improve

quality and efficiency (97%) and establishing a streamlined approval system for generic drugs and preventing drug companies from blocking the introduction of generic competitors (94%).

- The impetus for information technology and comparative effectiveness provided by the American Recovery and Reinvestment Act also found support from health care opinion leaders. Half (54%) thought establishing a center for comparative effectiveness would be effective in reducing the growth in health care costs and half (50%) also thought providing funding to accelerate adoption of health information technology, promote uniform standards for interoperability, and establish health information exchange networks would be effective.
- Almost three quarters (72%) supported narrowing the prices paid by private insurers, Medicare, and Medicaid by gradually bringing up payment levels in the public programs and lowering commercial insurer payment rates. Fifty-five percent supported reducing payment updates for providers in high-cost geographic areas.
- While a minority, two-fifths of opinion leaders thought that all-payer rate setting would be effective in controlling costs while maintaining quality.
- Fewer than 1 in 5 experts (18%) believe requiring patients to pay a substantially higher share of their health care costs would be an effective or extremely effective way to reduce avoidable, duplicative, or unnecessary utilization of health care services, and just 23% supported requiring prior authorization for expensive or high-volume services.

The survey is the 18th in a series from The Commonwealth Fund, and the tenth conducted in partnership with the publication *Modern Healthcare*. Commentaries on the survey results by Karen Ignagni, president and CEO of America's Health Insurance Plans (AHIP), and Francis J. Crosson, M.D., Senior Fellow at Kaiser Permanente Institute for Health Policy, Chair of the Council of Accountable Physician Practices, and Commissioner of Medicare Payment Advisory Commission (MedPAC), appear in the April 27 issue of *Modern Healthcare*. The commentaries are also posted on the Fund's Web site, along with a Commission data brief discussing the survey findings.

Methodology: *The Commonwealth Fund/Modern HealthCare Health Care Opinion Leaders Survey was conducted online within the United States by Harris Interactive on behalf of The Commonwealth Fund between March 2, 2009 and March 31, 2009 among 584 opinion leaders in health policy and innovators in health care delivery and finance. The final sample included 214 respondents from various industries, for a response rate of 36.6 percent. Data from this survey were not weighted. A full methodology is available on The Commonwealth Fund Web site.*

The Commonwealth Fund is a private foundation supporting independent research on a high performance health system.