



Data Brief

COMMISSION ON A HIGH PERFORMANCE HEALTH SYSTEM

Health Care Opinion Leaders' Views on Slowing the Growth of Health Care Costs

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The mission of The Commonwealth Fund is to promote a high performance health care system. The Fund carries out this mandate by supporting independent research on health care issues and making grants to improve health care practice and policy. Support for this research was provided by The Commonwealth Fund. The views presented here are those of the authors and not necessarily those of The Commonwealth Fund or its directors, officers, or staff.

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ABSTRACT: Leaders in health care and health care policy believe the U.S. must rein in the growth of health spending, and most believe it is possible over the next 10 years to maintain the current proportion of gross domestic product devoted to health care, the latest Commonwealth Fund/*Modern Healthcare* Health Care Opinion Leaders Survey finds. Nearly all respondents (96%) 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. Large majorities of opinion leaders support such cost-reduction strategies as replacing Medicare's "sustainable growth rate" mechanism with fundamental provider payment reform, introducing competitive bidding for durable medical equipment, and negotiating pharmaceutical drug prices. Opinion leaders also favor promoting growth of integrated delivery systems, raising payments for primary care services and medical homes, and establishing a center for comparative effectiveness.



OVERVIEW

With total health care expenditures in the United States now projected to reach an alarming 21 percent of gross domestic product (GDP) in 2020, rising health care spending has to be considered one of the single greatest economic threats confronting the nation.¹ American families have been particularly hard hit by explosive growth in health insurance premiums and out-of-pocket medical costs, resulting restricted access to needed care for many and a troubling increase in the number of patients with medical debt and bill problems.² Rising Medicare and Medicaid spending related to the unchecked growth in costs, meanwhile, is putting added pressure on federal and state government budgets.³ Millions of U.S. businesses also struggle under the weight of rising health care costs; indeed,

President Obama has stated that health cost burdens weaken “the very foundation” of the nation’s economy.⁴

In the latest Commonwealth Fund/*Modern Healthcare* Health Care Opinion Leaders Survey, leaders in health care and health policy were asked what they consider to be priorities for slowing the growth in health care costs. Survey respondents were nearly unanimous in the belief that the U.S. cannot continue on its current course: 96 percent agreed that the current health spending projection of 21 percent of GDP by 2020 was not an appropriate target. Large majorities of respondents supported such cost-reduction strategies as replacing the “sustainable growth rate” mechanism used by Medicare for determining physician fees with a fundamental reform of provider payment policy, using competitive bidding for durable medical equipment, and negotiating pharmaceutical drug prices.

The experts surveyed also voiced strong support for many of the cost-containment initiatives in President Obama’s budget blueprint, including bundling hospital admission and readmission payments into a single fee to reward hospitals with low readmission rates, bringing payment of Medicare managed care plans in line with the traditional fee-for-service Medicare program, and making Medicare’s Hospital Quality Incentive demonstration, which rewards hospitals for high performance, program-wide. In addition, there was strong support for promoting the growth of integrated delivery systems, raising payments for primary care services and medical homes, and establishing a center for comparative effectiveness as strategies for reducing cost growth.

These views are in line with the recommendations of the Commonwealth Fund Commission on a High Performance Health System, which has a mission

to promote better access, improved quality, and greater efficiency across the U.S. health care system. The Commission has put forward an integrated set of insurance, payment, and delivery system reforms that have the potential to extend affordable health insurance to all and slow the growth of health spending by \$3 trillion through 2020.⁵ By encouraging the delivery of more effective and efficient care, the Commission’s proposals could yield greater value for health spending and return substantial savings to families, businesses, and the public sector.

The Health Care Opinion Leaders Survey

The Commonwealth Fund and *Modern Healthcare* recently commissioned Harris Interactive to solicit the perspectives of a diverse group of health care experts on priorities for slowing the growth in health care costs. The 214 individuals who took part in the survey—the 18th in a continuing series of surveys assessing the views of experts on key health policy issues—represent the fields of academia and research; health care delivery; business, insurance, and other health industries; and government, labor, and advocacy groups (see Methodology, [Appendix A](#)).

Nearly one-third of the opinion leaders surveyed support reducing health care outlays as a percent of GDP to less than the current 17 percent.

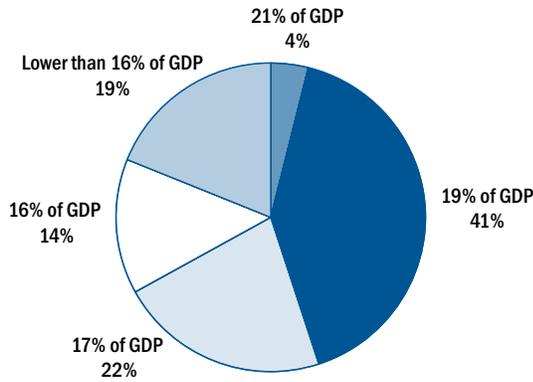
Nearly all (96%) health care opinion leaders believe that the current health spending projection of 21 percent of GDP is not an appropriate target to achieve by 2020 (Figure 1). Indeed, one-third of opinion leaders believe reducing health care expenditures from the current level of 17 percent is an appropriate and realistic target to achieve by that time. Support for lowering

ABOUT THE HEALTH CARE OPINION LEADERS SURVEY

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. For complete methodology, see [Appendix A](#) on page 7.

Figure 1. 96% of leaders do not think 21% of GDP is an appropriate target for health care spending in 2020.

"In 2009, health care will account for almost 17% of the nation's economy (gross domestic product [GDP]). It is currently projected to increase to 21% of GDP by 2020. In developing policies to reduce cost growth, what do you think is an appropriate and realistic target to try to achieve by 2020?"



Source: Commonwealth Fund Health Care Opinion Leaders Survey, April 2009.

health care outlays as a percentage of the nation's economic resources was higher among respondents in government, labor, and consumer advocacy organizations (50%) than those in health care delivery fields (26%) (Table 1). The majority favor keeping cost growth in line with GDP growth or somewhat higher, but below projected trends.

Two-thirds of opinion leaders think the sustainable growth rate mechanism should be replaced with payment reform.

Two-thirds of survey respondents believe that the sustainable growth rate mechanism used by Medicare to determine physician payment rates should be replaced with fundamental reform of the provider payment system (Figure 2). Those who would be most affected by curbs on health care spending are among the most supportive: opinion leaders in health care delivery (71%) supported replacing the formula with provider payment reform at much higher rates than members of academic or research institutions (60%) or government, labor, or consumer advocacy groups (58%) (Table 2). This likely reflects dissatisfaction with a mechanism that has produced a series of scheduled reductions in physician fees that have generally been overridden by Congress. The next 20 percent cut is scheduled for January 2010. Only 3 percent of leaders

indicated that the sustainable growth rate should be enforced as written.

Seven of 10 opinion leaders think a bundled payment approach would be effective, but there is little support for liability reform or greater cost-sharing.

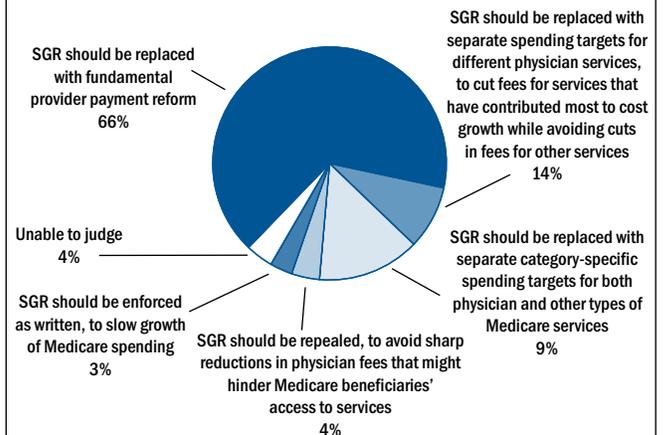
Seventy percent of opinion leaders believe that moving away from fee-for-service and toward bundled payment—which provides a single payment for services related to an episode of care or over a specified period, thus encouraging providers to take broader responsibility for patient care and outcomes—would be a very or extremely effective strategy for controlling costs while maintaining or improving quality of care (Figure 3). Respondents from business, insurance, and other health care industries were less supportive (64%) of the bundled payment approach than those in academic or research institutions (72%), health care delivery fields (69%), or government, labor, and consumer advocacy organizations (77%) (Table 3).

Two of the solutions commonly advanced to combat rising health care costs—malpractice reform and patient cost-sharing—were seen by only a small

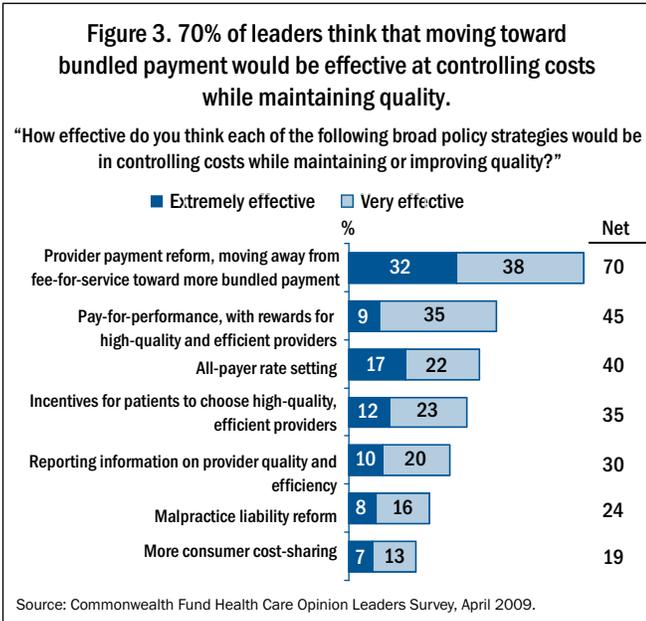
Figure 2. A majority of leaders think that the SGR should be replaced with fundamental payment reform.

"The Sustainable Growth Rate (SGR) mechanism is a formula that was enacted by Congress to control Medicare physician spending growth by reducing fees when spending exceeds a target amount. In recent years, it has produced a series of scheduled across-the-board physician fee reductions that have been superseded by legislation. Policymakers have proposed modifying or eliminating the SGR mechanism, but that would result in higher Medicare spending and an increased federal budget deficit.

Please indicate which of the following statements about the SGR best describes your view."



Source: Commonwealth Fund Health Care Opinion Leaders Survey, April 2009.



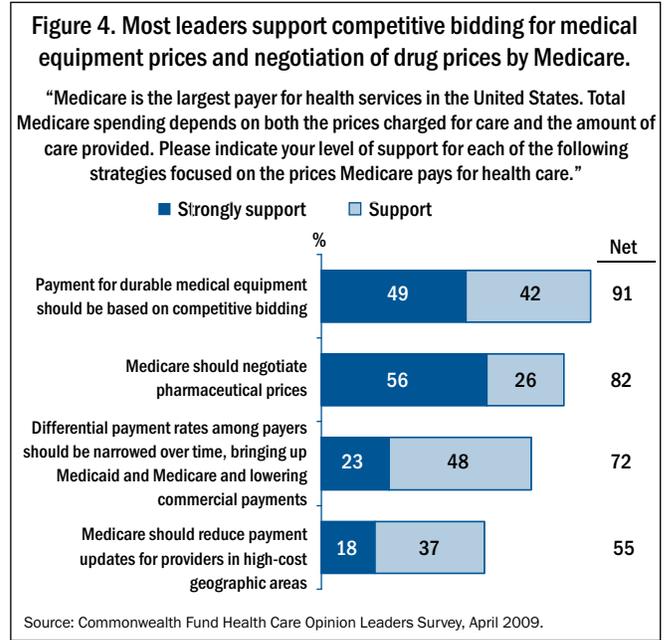
minority of opinion leaders as effective in controlling costs while maintaining or improving quality of care. Twenty-four percent felt that malpractice liability reform would be a very or extremely effective strategy, with those in health care delivery reporting support at much higher rates (42%) than those in government, labor, or consumer advocacy (12%). Nineteen percent of respondents thought that higher consumer cost-sharing would be a very or extremely effective way to control costs while maintaining or improving quality.

Other strategies found greater support but were still rated effective by only a minority of opinion leaders. Those strategies included pay-for-performance rewards (45%), all-payer rate setting (40%), incentives for patients to choose high-quality, efficient providers (35%), and reporting information on provider quality and efficiency (30%).

Large majorities support competitive bidding and negotiation of drug prices.

Ninety-one percent of opinion leaders support or strongly support the introduction of competitive bidding for durable medical equipment payment in the Medicare program (Figure 4). Support equaled or exceeded 90 percent across all respondent categories (Table 4).

While controversial among political leaders, negotiating pharmaceutical prices has widespread sup-



port among health care experts across many sectors. Eighty-two percent of opinion leaders supported or strongly supported negotiation of pharmaceutical drug prices as a strategy to control costs in Medicare. Support was highest among those in health care delivery (88%) and government, labor, and consumer advocacy (88%) and lowest—but still substantial—among those in business, insurance, or other health care industries (76%).

Other reforms that would better align payments and costs attracted broad support in the survey. Almost three-fourths (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.

Large majorities support cost-containment initiatives in the president’s budget blueprint.

Opinion leaders were asked whether they supported specific policies in President Obama’s budget blueprint proposed as a means of slowing the rate of Medicare cost growth. Eighty-six percent supported bundling payments to reward hospitals with low 30-day readmission rates (Figure 5), though support among leaders in health care delivery (73%) was lower than among those in other fields (Table 5). Bringing

Medicare managed care plan payments in line with the traditional fee-for-service Medicare program also received broad support (77%). Eighty-seven percent of respondents supported or strongly supported expansion of the Hospital Quality Incentive demonstration that links hospital payment to performance on quality measures. Increasing funding to the Recovery Audit Contractor program (65%), increasing prescription drug coverage premiums for beneficiaries with higher incomes (64%), and utilizing benefit managers to avoid unnecessary CAT and MRI scans (63%) also enjoyed support among a large number of leaders. Limiting payments to home health agencies, as proposed in the President's budget, was supported by only one-fifth (21%) of opinion leaders.

Few opinion leaders see prior authorization and patient cost-sharing as effective ways to reduce unnecessary utilization.

Only 18 percent of opinion leaders thought that 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 (Figure 6). Similarly, support for a prior-authorization strategy was low, with 23 percent reporting that it would be an effective or very effective way to reduce unnecessary utilization.

Instead, measures to change the delivery of health care services and provide tools to support providers in providing effective care were more highly favored. Sixty-two percent of respondents felt that providing improved transitional care for patients would be an effective strategy, with those in government, labor, or consumer advocacy (73%) indicating support at higher levels than those in academic or research institutions (58%) (Table 6). Expanding the availability and interoperability of health information technology, including electronic medical records and decision support, were viewed as effective by 58 percent of opinion leaders. Improving disease management for patients with high-cost or chronic conditions (58%) and developing evidence-based medicine guidelines or protocols (57%) were also favored strategies. Half of opinion leaders thought that enhancing the role of

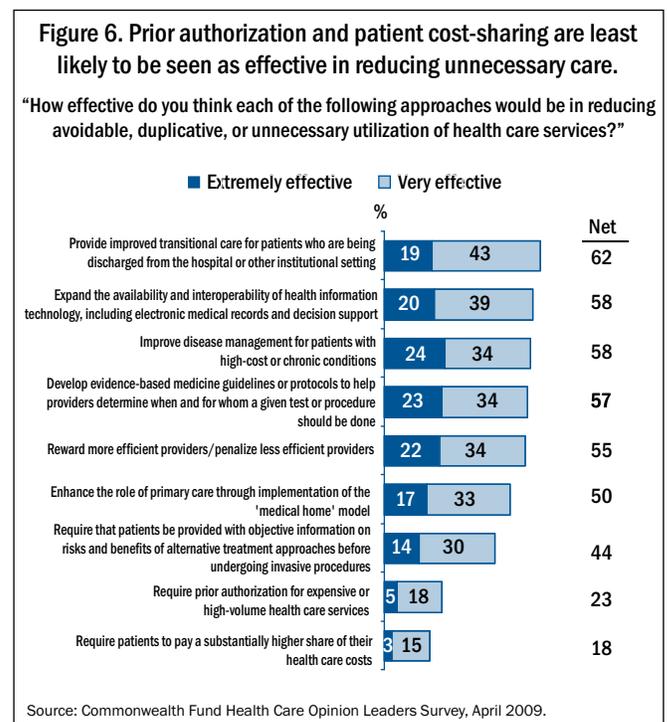
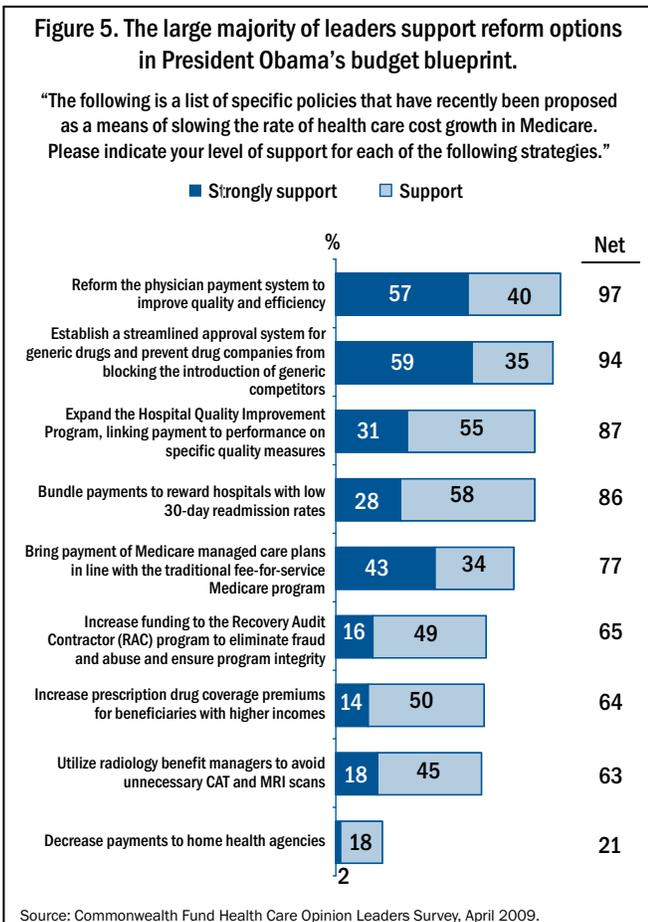
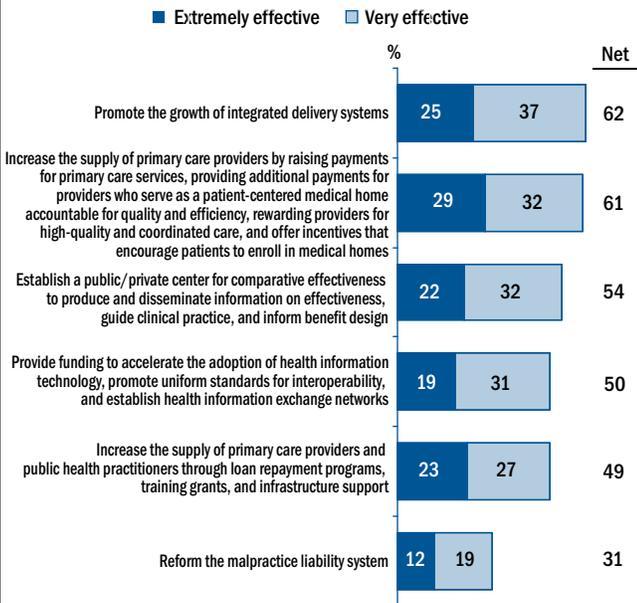


Figure 7. Promoting the growth of integrated delivery systems and increasing supply of PCPs though payment reform seen as most effective in reducing growth of health care costs.

“How effective do you think each of these proposals for structural change in health services markets would be in reducing the growth of health care costs?”



Source: Commonwealth Fund Health Care Opinion Leaders Survey, April 2009.

primary care through implementation of the “medical home” model would be effective in reducing avoidable, duplicative, or unnecessary utilization of health care services.

Majority of opinion leaders see promotion of integrated delivery systems as an effective way to reduce costs.

Sixty-two percent of opinion leaders thought that promoting the growth of integrated delivery systems would be a very or extremely effective structural change in the health services markets that would reduce growth in health care costs (Figure 7). Support was highest among members of government, labor, or consumer advocacy organizations (73%) and lowest among those in business, insurance, or other health care industries (53%) (Table 7).

Increasing the supply of primary care providers by raising payments for primary care services and medical homes was seen as very or extremely effective in reducing growth in health care costs by 61 percent of respondents, while establishing a center for comparative effectiveness (54%) and providing funding to

accelerate adoption of health information technology, promote uniform standards for interoperability, and establish health information exchange networks (50%) also enjoyed majority support. About half (49%) viewed loan repayment programs, training grants, and infrastructure support to increase the supply of primary care providers and public health practitioners as effective strategies.

The Path to a High Performance Health System

Although health spending in the United States is far higher than in any other country, the U.S. health system falls short of what should be achievable.⁶ Rapid growth in health care costs has put millions of families at risk, weakened the foundation of the nation’s economy, and placed an unsustainable fiscal burden on federal and state governments. In order to “bend the curve” of the nation’s health care spending and move toward high performance, the Commonwealth Fund Commission on a High Performance Health System has put forward an integrated set of insurance, payment, and delivery system reforms with the potential to extend affordable health insurance to all and slow the growth of health spending by \$3 trillion by 2020.

Many of the Commission’s cost-containment strategies have been endorsed by a strong majority of health care opinion leaders in this survey. Enhancing payment for primary care, encouraging adoption of the medical home model, and moving toward more bundled payment models are all seen as effective strategies for reducing national health care expenditures and maintaining or improving the quality of care received by millions of Americans. Similarly, promoting the growth of integrated delivery systems, establishing a center for comparative effectiveness, and accelerating the adoption of health information technology are all seen as important strategies for slowing cost growth. By encouraging more effective and efficient use of health care, comprehensive changes such as these have the potential to reign in the nation’s unsustainable spending on health care and put the U.S. on a path to a high performance health system that works for all Americans.

APPENDIX A. METHODOLOGY

This survey was conducted online by Harris Interactive on behalf of The Commonwealth Fund among 214 opinion leaders in health policy and innovators in health care delivery and finance within the United States between March 2, 2009, and March 31, 2009. Harris Interactive sent out individual e-mail invitations to the entire panel containing a password-protected link and a total of four reminder emails were sent to those who had not responded. No weighting was applied to these results.

The initial sample for this survey was developed using a two-step process. The Commonwealth Fund and Harris Interactive jointly identified a number of experts across different professional sectors with a range of perspectives based on their affiliations and involvement in various organizations. Harris Interactive then conducted an online survey with these experts asking them to nominate others within and outside their own fields whom they consider to be leaders and innovators in health care. Based on the result of the survey and after careful review by Harris Interactive, The Commonwealth Fund, and a selected group of health care experts, the sample for this poll was created. The final list included 1,246 individuals.

In 2006, The Commonwealth Fund and Harris Interactive joined forces with *Modern Healthcare* to add new members to the panel. The Commonwealth Fund and Harris Interactive were able to gain access to *Modern Healthcare*'s database of readers. The Commonwealth Fund, Harris Interactive, and *Modern Healthcare* identified readers in the database that were considered to be opinion leaders and invited them to participate in the survey. This list included 1,467 people. At the end of 2006, The Commonwealth Fund and Harris Interactive removed those panelists who did not respond to any previous surveys. In 2007 recruitment for the panel continued with *Modern Healthcare* recruiting individuals through their *Daily Dose* newsletter. In addition, Harris Interactive continued to recruit leaders by asking current panelists to nominate other leaders. The final panel size for the Health Care Delivery System Reform survey included 1,078 leaders.

In designing the current survey panel, only those individuals who have responded to one or more of the Commonwealth Fund Opinion Leaders surveys over the last 16 months were included, totaling 565 active panelists. Of these panelists, 195 completed the survey, for a 34.5 percent response rate. Also included were 19 additional interviews from opinion leaders who responded to this survey but who had not participated in any of the other recent surveys, for a total of 214 respondents.

With a pure probability sample of 214 adults, one could say with a 95 percent probability that the overall results have a sampling error of ± 6.7 percentage points. However, that does not take other sources of error into account. This online survey is not based on a probability sample and therefore no theoretical sampling error can be calculated.

The data in this brief are descriptive in nature. They represent the opinions of the health care opinion leaders interviewed and are not projectable to the universe of health care opinion leaders.

NOTES

- ¹ The Commonwealth Fund Commission on a High Performance Health System, [*The Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way*](#) (New York: The Commonwealth Fund, Feb. 2009).
- ² S. R. Collins, J. L. Kriss, M. M. Doty, and S. D. Rustgi, [*Losing Ground: How the Loss of Adequate Health Insurance Is Burdening Working Families: Findings from the Commonwealth Fund Biennial Health Insurance Surveys, 2001–2007*](#) (New York: The Commonwealth Fund, Aug. 2008).
- ³ Office of Management and Budget, *OMB Director Peter R. Orszag Urges that Fiscal Reform Start Now* (Washington: Executive Office of the President, Feb. 2009).
- ⁴ B. Obama, *Introductory Remarks, White House Forum on Health Reform* (Washington: The White House, March 2009).
- ⁵ Commonwealth Fund Commission, [*The Path to a High Performance U.S. Health System*](#), 2009.
- ⁶ The Commonwealth Fund Commission on a High Performance Health System, [*Why Not the Best? Results from the National Scorecard on U.S. Health System Performance, 2008*](#) (New York: The Commonwealth Fund, July 2008).

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Karen Davis, Ph.D., is president of The Commonwealth Fund. She is a nationally recognized economist with a distinguished career in public policy and research. In recognition of her work, Ms. Davis received the 2006 AcademyHealth Distinguished Investigator Award. Before joining the Fund, she served as chairman of the Department of Health Policy and Management at The Johns Hopkins Bloomberg School of Public Health, where she also held an appointment as professor of economics. She served as deputy assistant secretary for health policy in the Department of Health and Human Services from 1977 to 1980, and was the first woman to head a U.S. Public Health Service agency. A native of Oklahoma, she received her doctoral degree in economics from Rice University, which recognized her achievements with a Distinguished Alumna Award in 1991. Ms. Davis has published a number of significant books, monographs, and articles on health and social policy issues, including the landmark books *Health Care Cost Containment; Medicare Policy; National Health Insurance: Benefits, Costs, and Consequences*; and *Health and the War on Poverty*. She can be e-mailed at kd@cmwf.org.

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