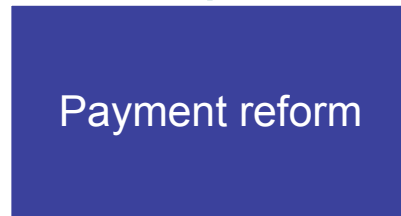
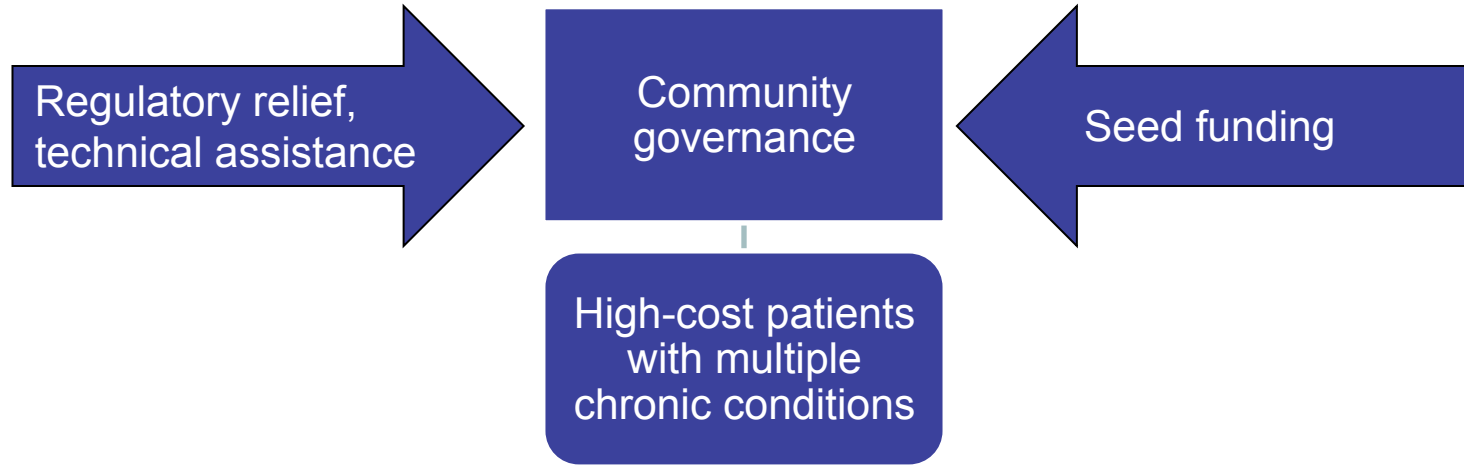
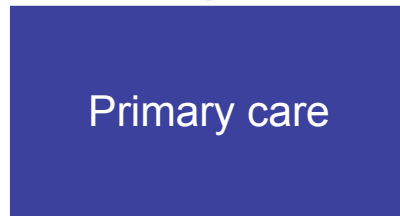


Exhibit ES-1. Community-Based Strategy for Improving Care of High-Cost Patients



- Medical home care management fee
- Accountable Care Organizations
- Bundled payment for acute episodes
- Partial capitation
- Shared savings and shared risks
- Gain-sharing
- Value-based purchasing
- Public-private payer harmonization



- Medical homes
- Primary care practice teams
- System of off-hours care
- Transitions in care
- Reduced readmissions
- Care coordination



- Electronic health records
- Electronic prescribing
- Meaningful use
- Support for self-care
- Mobile health applications
- Computerized decision support

Exhibit 1. New Federal Health Authorities Under the Affordable Care Act, American Recovery and Reinvestment Act, and HITECH

Law	Authority	
Affordable Care Act	Innovation Center	Patient Safety Research Center
	Shared Savings Program (ACOs)	Program to Facilitate Shared Decision-making
	Independent Payment Advisory Board	Quality Improvement and Patient Safety Training
	Quality Measure Development	Payment Adjustment for Health Care-Acquired Conditions
	Interagency Working Group on Health Care Quality	Medicaid Global Payment System Demonstration Project
	Patient Centered Outcomes Research Institute	National Prevention, Health Promotion and Public Health Council
	Health Innovation Zones	Community Transformation Grants
	Payment Bundling Pilot	Project Concerning Individualized Wellness Plan
	Hospital Value-Based Purchasing Program	Technical Assistance for Employer-Based Wellness Programs
	Value-Based Payment Modifier	Childhood Obesity Demonstration Project
	National Strategy for Quality Improvement in Health Care	National Health Care Workforce Commission
	Quality Measure Development	Primary Care Extension Program
	Hospital Readmissions Reduction Program	Nursing Home Compare Website
	Community-Based Care Transitions Program	Projects on Culture Change and Use of IT in Nursing Homes
American Recovery and Reinvestment Act	FMAP Increases	Comparative Effectiveness Research
	COBRA Subsidies	Public Health Research
HITECH	EHR Incentive Program	HIPAA Privacy Requirements



Source: Patient Protection and Affordable Care Act (P.L. 111-148) as modified by the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152); American Recovery and Reinvestment Act of 2009 (P.L. 111-5); Health Information Technology for Economic and Clinical Health Act (Title XIII, P.L. 111-5).

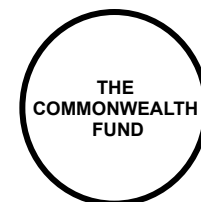
Exhibit 2. Total National Health Expenditures (NHE), 2011–2021: Current Projection and Goals

Projected annual growth rate, NHE per capita	NHE, 2021	Cumulative percentage increase in NHE, 2011–2021	Cumulative NHE, 10 years ending in 2021 (2012–2021)	Cumulative savings from current projection, 2012–2021	NHE/GDP, 2021
GDP per capita + 1.2 (5.1%, current projection)	\$4.9 trillion	81.9%	\$37.9 trillion	—	20.1%
GDP per capita + 1.0 (4.9%)	\$4.8 trillion	77.0%	\$37.5 trillion	\$0.4 trillion	19.6%
GDP per capita + 0.5 (4.4%)	\$4.6 trillion	71.6%	\$37.0 trillion	\$0.9 trillion	19.0%
GDP per capita (3.9%)	\$4.5 trillion	66.3%	\$36.5 trillion	\$1.4 trillion	18.4%



Exhibit 3. Illustrative Performance Improvement Targets

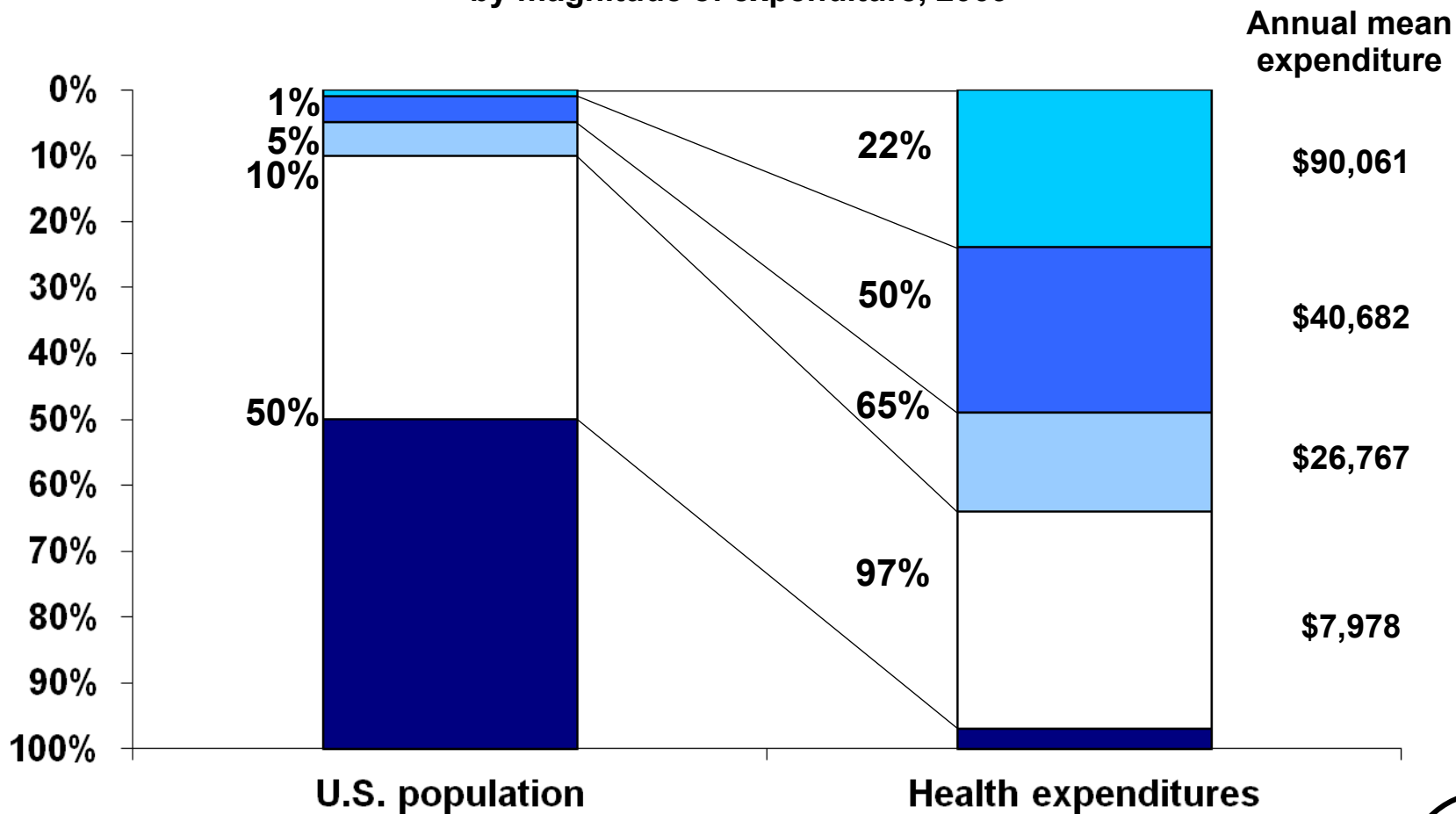
Indicator	Baseline	Baseline improvement rate	Target improvement rate	Target
Potentially avoidable hospitalizations per 100,000 population for chronic conditions	1,037 per 100,000 (2007)	2.2% (2000–07)	4.4% (2016)	809 per 100,000 (2016)
Adults with hypertension whose blood pressure is under control	41.2% (2005-08)	2.6% (2001–08)	5.2% (2016)	53.2% (2016)
Admissions for uncontrolled diabetes without complications per 100,000 population	21.1 per 100,000 (2007)	4.0% (2000–07)	8.0% (2016)	13.4 per 100,000 (2016)
Hospital patients with heart failure who received recommended hospital care	95.0% (2008)	2.7% (2005–08)	5.4% (2016)	100% (2016)
Adults age 50 and older who received colorectal cancer screening	60.1% (2008)	2.4% (2000–08)	4.8% (2016)	75.9% (2016)
Adults ages 18–64 at high risk (e.g., those with respiratory disease) who received an influenza vaccination in the past 12 months	31.7% (2008)	1.6% (2000–08)	3.2% (2016)	37.0% (2016)
Hospital patients with pneumonia who received recommended hospital care	89.8% (2008)	3.2% (2007–08)	6.4% (2016)	100% (2016)
All-cause 30-day readmission rates for patients discharged alive to a nonacute care setting with a principal diagnosis of heart failure	24.9% (2010)	-0.7% (2008–10)	1.7% (2016)	22.5% (2016)



Source: Agency for Healthcare Research and Quality; Centers for Medicare and Medicaid Services/The Joint Commission; authors' estimates.

Exhibit 4. Health Care Costs Concentrated in Sick Few— Sickest 10 Percent Account for 65 Percent of Expenses

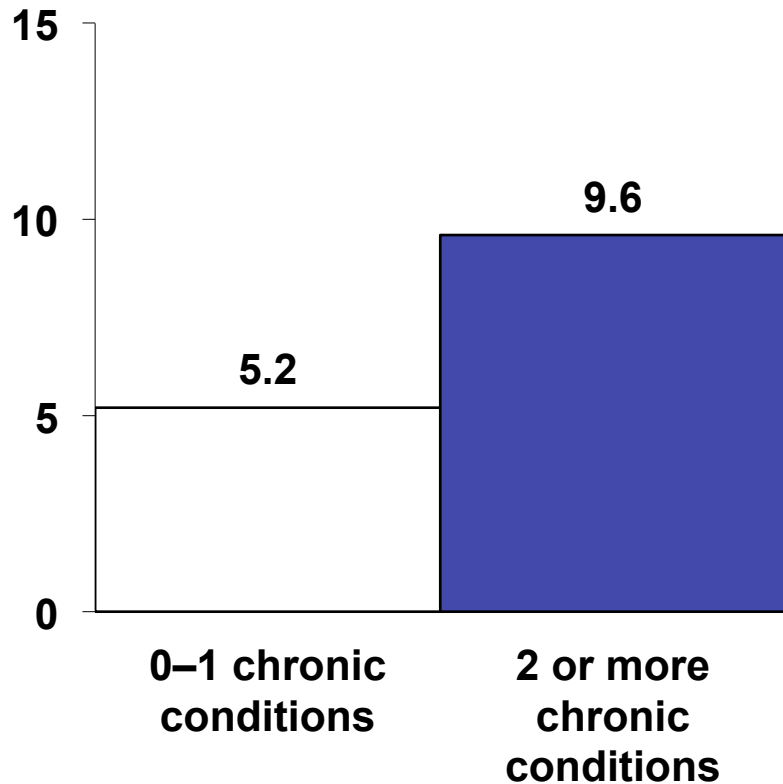
Distribution of health expenditures for the U.S. population, by magnitude of expenditure, 2009



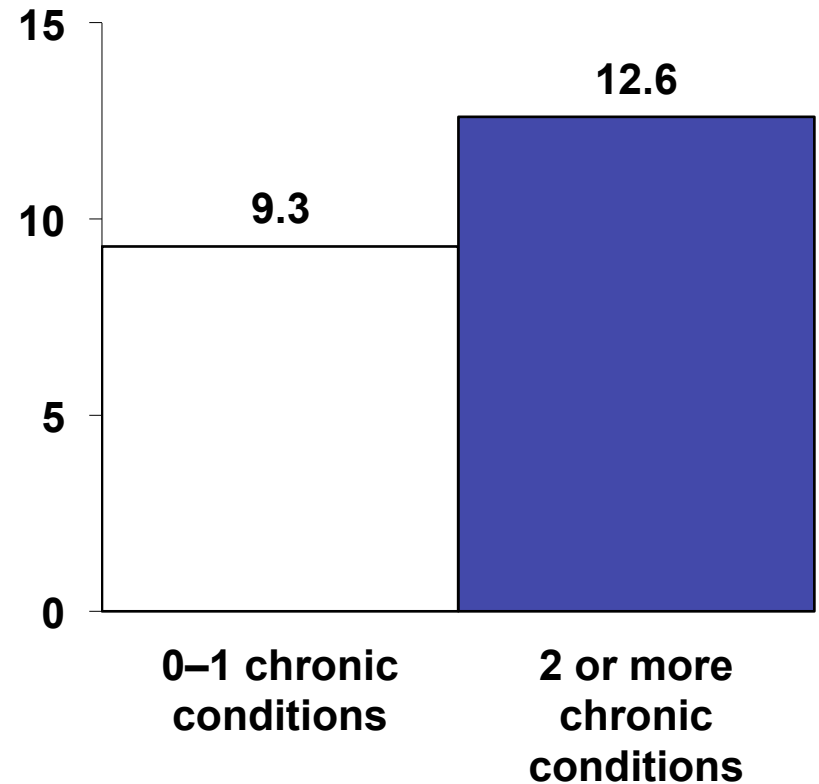
Source: Agency for Healthcare Research and Quality analysis of 2009 Medical Expenditure Panel Survey.

Exhibit 5. Patients with Multiple Chronic Conditions More Likely to Undergo Adverse Drug Event or Medical Error

Percent reporting wrong medicine or wrong dose

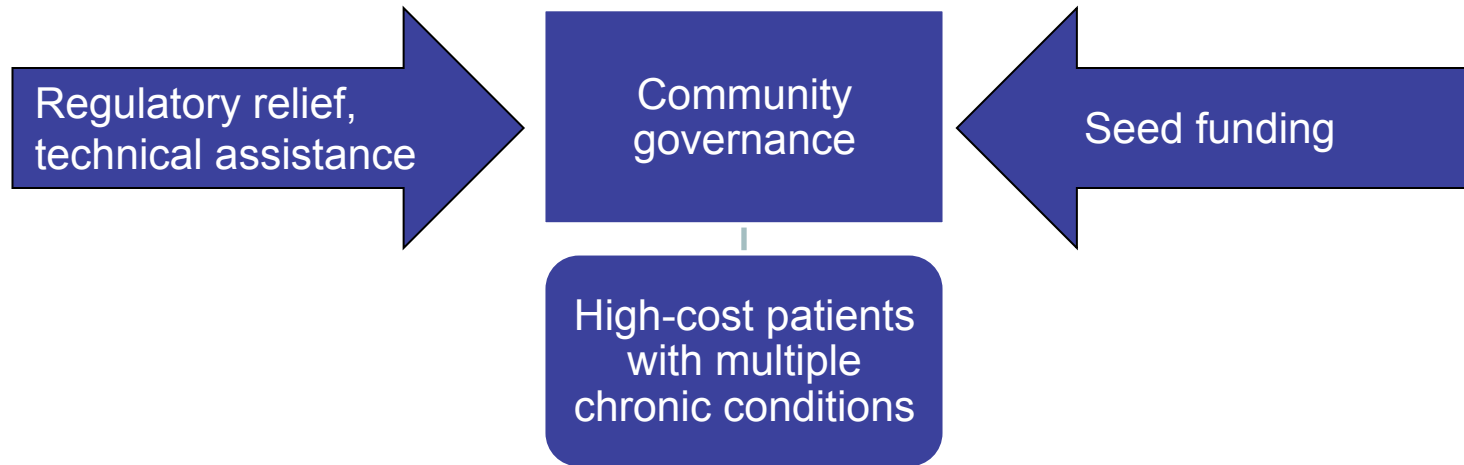


Percent reporting a medical mistake



Note: U.S. patients only.
Source: 2011 Commonwealth Fund International Health Policy Survey.

Exhibit 6. Community-Based Strategy for Improving Care of High-Cost Patients



Payment reform

- Medical home care management fee
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Primary care

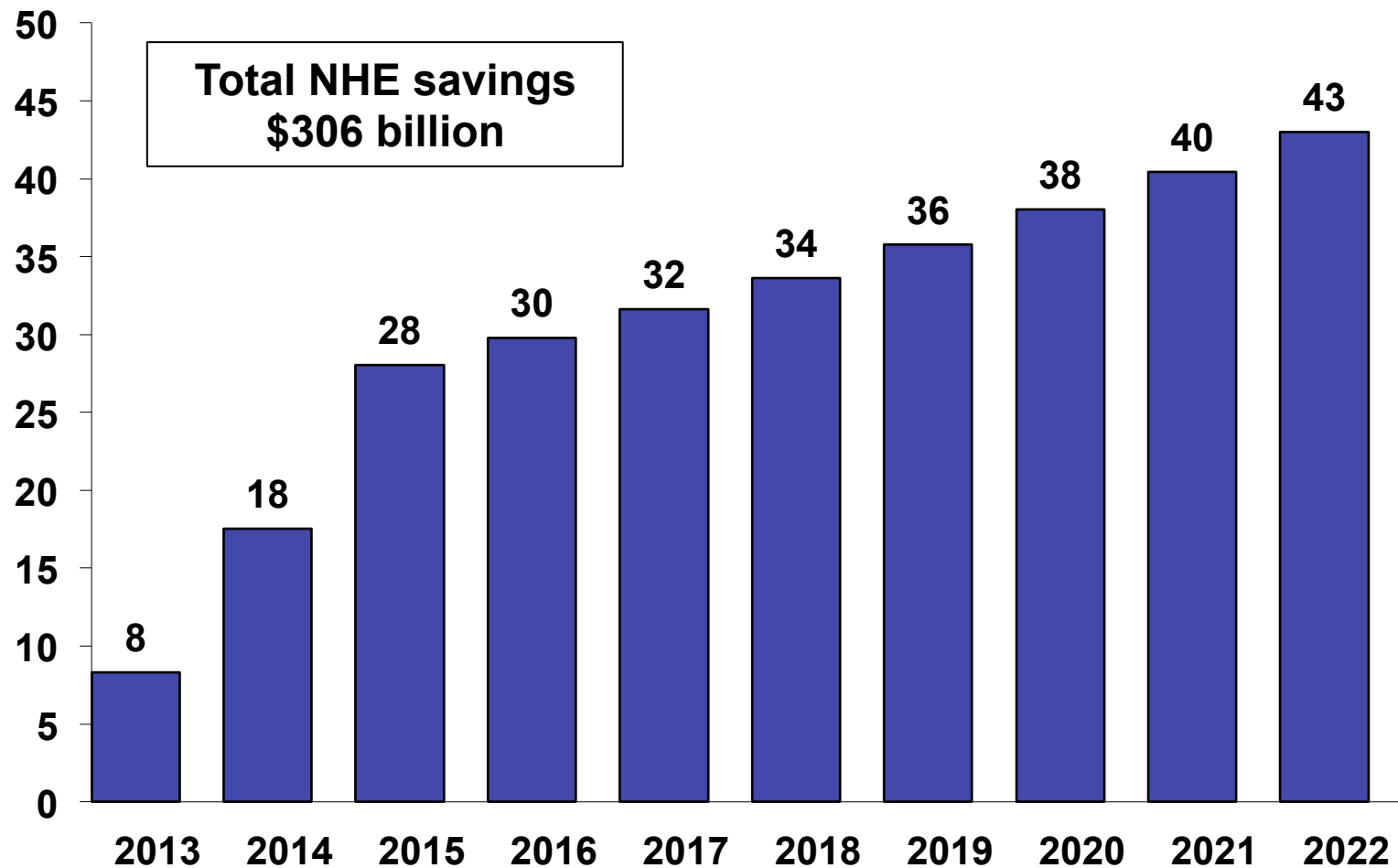
- Medical homes
- Primary care practice teams
- System of off-hours care
- Transitions in care
- Reduced readmissions
- Care coordination

Health information technology

- Electronic health records
- Electronic prescribing
- Meaningful use
- Support for self-care
- Mobile health applications
- Computerized decision support

Exhibit 7. Net National Health Care Savings Associated with Improved Chronic Care Management

Billions of dollars



Source: J. Holahan, C. Schoen, and S. McMorro, *The Potential Savings from Enhanced Chronic Care Management Policies* (Washington, D.C.: The Urban Institute, Nov. 2011).

