



The Health Care Delivery System: A Blueprint for Reform

Overview and Recommendations

Concern about the state of the American health care system has reached a slow boil. Health care consistently ranks among the top three issues that the American public wants policymakers to address, and it is increasingly intertwined with growing worries about economic insecurity. High costs, gap-ridden coverage, and sporadic quality are the health care problems that most concern Americans. Yet most of the policy discussion is focused on the issue of coverage.

To ensure that the other problems are not forgotten and that delivery system reform is central to any plan, the Center for American Progress and the Institute on Medicine as a Profession partnered to develop the book, *The Health Care Delivery System: A Blueprint for Reform*. In the health policy arena there is a dearth of specific policy recommendations to improve the delivery system. Yet these ideas are often disconnected from the current system, with no policy pathway, backed by leadership and organization, to get from here to there.

This book offers recommendations and pathways to systematically promote quality, efficiency, patient-centeredness, and other salient characteristics of a high-performing health system. The blueprint it lays out is a vision of how different parts of the system should be structured and how they should function. Even more specifically, it proposes policies that the next administration and Congress could enact over the next five years to improve our health system. Different areas of focus in the book include:

Infrastructure: Health care depends on a highly trained, balanced, and motivated workforce; current and accurate information; and technologies that enable health professionals to use information in the right place, in the right way, and at the right time. People, knowledge, and the means for their application are the foundation upon which an efficient, high-quality health system rests.

Organization: The most effective way to address our cost and quality challenges is to confront the root cause—the chaos in everyday health care. Efforts should focus on accelerating the organization of health care providers into team-like configurations so that they

can adopt systems that are likely to reduce errors of overuse, underuse, and misuse, and improve the overall coordination of care.

Quality: Improving the quality of services delivered is paramount to enhancing health system performance. Currently, an apparent contradiction exists between the fact that the United States has the highest quality health care in the world, yet also has a quality “chasm.” To truly improve the quality of the health care delivery system, policies must focus on the individual and population level.

Payment reform: Provider payment structures play an important role in how well the health care delivery system meets the goals of delivering efficient and high-quality care. Policies must work to align the desires of practitioners and health organization managers to serve patients with the incentives that come from how they are paid.

Patient activation: Policies on the demand side of the equation must focus on how best to engage individuals in their own health and care. This is increasingly important in the face of a growing chronic disease epidemic.

Population health: Improving the health care delivery system is key to improving the health of all Americans. Even if the access, quality, and cost problems in the medical system are resolved, a traditional view of the delivery system must expand to include population-wide programs in order for the system to reach its full potential.

The signs that such a debate could take place in the near future are strong. Both presidential candidates have proposed to reform the health care system, demonstrating the political ripeness of the issue. When that opportunity presents itself, it will be essential to be ready with grounded policies that are more than patches and can serve as pathways toward a high-performing health system.

Key Recommendations

INFRASTRUCTURE

Health information technology

- Promote the use of electronic health records through grants and loans to selected essential health providers.
- Provide federal matching funding to states and localities to create local information exchange networks.
- Direct action to safeguard the privacy of electronic health information.

Workforce

- Invest in scholarship and loan repayment programs for newly trained health care providers.
- Boost capacity in nursing education through a mix of new federal funding and changes in nursing graduate study.
- Leverage the Workforce Investment Act to build the long-term care workforce.
- Strengthen training and licensing standards for geriatric care.
- Enact strategies to increase wages and benefits for direct care workers.

Information

- Provide federal support for comparative effectiveness research.
- Develop a federal strategy for the dissemination and application of comparative effectiveness research.

ORGANIZATION OF HEALTH CARE DELIVERY

- Promote a flexible payment reform strategy in public programs to encourage the formation of more organized groups.
- Engage providers in the development of public reporting methods to increase transparency for consumers and provide useful feedback to providers.
- Develop a federal commission to oversee system innovations, including new organizational models, by modifying regulatory protections that were developed in the context of fee-for-service reimbursement, among other things.
- Encourage the adoption of information technologies.
- Provide government oversight of accountable care organizations to ensure basic protections to the public.

QUALITY OF CARE

Improving individual care

- Strengthen oversight in Medicare and Medicaid by supporting programs that designate, monitor, and support progress in health care facilities.
- Encourage public-private payer cooperation that will specify, enforce, and support care improvements.
- Increase funding for the Agency for Healthcare Research and Quality and expand its role in quality research and development.
- Hold hospital boards legally accountable for quality and safety improvements.
- Support no-fault malpractice demonstration projects.

Improving care across the population

- Simplify and standardize health care administration, such as codes and billing, across health care industries.
- Implement comparative effectiveness studies for treatment practices.
- Develop a national initiative to reduce preventable hospital admissions and readmissions.
- Expand hospice through support to community-based programs.

PROVIDER PAYMENT INCENTIVES

Short term

- Revamp the process for updating the relative value scale used in Medicare's physician fee schedule so that relative values more accurately reflect relative costs.
- Reduce relative values for services undergoing high rates of growth in volume.
- Adopt incentives for additional processes that improve patient care such as electronic health records.

Long term

- Promote bundled payment covering all providers for acute episodes of care and post-acute care.
- Support capitated payment for the management of chronic disease. The medical home can be seen as a first of such an initiative.
- Revise or eliminate Sustainable Growth Rates in conjunction with a major package of payment reforms.

PATIENT ACTIVATION

- Fund research to identify key elements of effective self-management programs.
- Support self-management through benefit design such as using financial incentives for patients to encourage the use of care that is proven to be effective and discourage care that has less evidence for efficacy.
- Support self-management through provider incentives, linking payments to increases in patient activation.
- Ensure that information technology enables self-management by improving patients' access to personal health information.
- Promote provider support for patient-centered care.

POPULATION HEALTH

- Set national goals of improved health performance, both absolutely and in comparison with other developed nations, and fix organizational responsibility and authority for achieving those goals.
- Enact comprehensive tobacco control policies, including a federal smoke-free policy, increased tobacco taxes, warning labels, countermarketing strategies, and smoking cessation efforts.
- Reduce obesity through policies such as updating nutritional standards for school lunches, expanding social marketing, eliminating "food desserts," and promoting physical activity through workplaces and schools.