



What's in Health Reform for Cost Containment

12 Ways Health Care Reform Will Tackle Runaway Costs

Because of cost-cutting measures in health reform, American employers and employees will spend about \$800 billion less on health care than they would have otherwise over the next 15 years. Reform will patch holes in the health care system while still protecting quality care in 12 ways:

1. Spend less money fixing treatment mistakes.

Hospitals spend between \$17 billion and \$29 billion per year to fix medical errors. Close to 98,000 Americans die each year from mistakes. Reform will put “warranties” on care so mistakes aren’t paid for and require hospitals to report errors. (warranties on care quality and reporting requirements)

2. Slow runaway benefit packages.

Taxpayers spent \$226 billion in 2008 to subsidize employer-provided insurance. Health reform will reduce the size and the rate of growth in taxpayer dollars spent on subsidizing certain health care coverage. (excise tax on high-cost plans)

3. Move people from emergency rooms to routine care.

In 2008, hospitals provided \$36 billion worth of unpaid care, mostly for emergency room visits, and the cost of this unpaid care added an average of \$1,000 to the average person’s premiums. Reform will provide affordable coverage so people are not forced to use emergency rooms for basic care. It also eventually requires individuals to have insurance, which will reduce the number of “free-riders” who access the health care system but never pay for the care they receive. (individual mandate and increased access to primary care)

4. Reduce the use of ineffective treatments.

Too much money is spent on ineffective therapies and expensive, new technology that may not benefit patients. Reform will help doctors determine which therapies work best and make this research available to all doctors across the country—from solo practitioners in rural areas to those at the Mayo Clinic. (permanent funding for comparative effectiveness research)

5. Eliminate unnecessary tests and procedures.

As much as 30 percent of our annual health care spending—or \$700 billion a year—goes toward treatments, tests and hospitalizations that do nothing for our health. Health reform will replace fees for service with fees for outcome to reduce the number of unnecessary tests and procedures and reward doctors and hospitals for providing efficient, high-quality care. (bundling, accountable care organizations, value-based purchasing and payment reform)

6. Manage chronic health problems.

About \$45 billion is spent every year on preventable complications from chronic conditions such as diabetes, high blood pressure and heart disease. Reform will pay doctors to better manage a person's overall health, reducing preventable complications, ensuring that patients get preventive care and reducing the cost of treating chronic diseases. (medical home, performance bonuses and patient outcome reporting)

7. Computerize doctors' offices and hospitals.

The lack of information technology costs \$81 billion a year in lost productivity and medical errors. Reform will dramatically expand the use of electronic health records and e-prescribing, preventing mistakes due to illegible handwriting and providing doctors broader access to computer-aided treatment and research tools so they can make the best treatment decisions. (expanded health information technology)

8. Create more head-to-head competition among insurers.

Most workers can't choose among competing health plans based on price and quality, which means less pressure to hold down costs. Reform will create a new marketplace where plans will have to compete for your business through lower prices and better benefits. (exchange)

9. Let Medicare share in cost savings from productivity improvements.

Rigid Medicare payment formulas mean that taxpayers don't benefit if services become less expensive. Reform will allow Medicare to benefit from lower prices due to increased productivity. This will help slow the rate of Medicare spending over time. (productivity adjustments)

10. Reduce "defensive" medicine in anticipation of malpractice lawsuits.

Between one-half percent to nine percent of total health care spending — anywhere from \$12 billion to \$211 billion a year—is spent on "defensive" medicine that's specifically intended to avoid lawsuits. Reform will allow states to begin experimenting with tort reform so that the system is fairer to both doctors and patients. (malpractice reform)

11. Create more incentives to keep people healthy.

Obesity and smoking cost \$17.5 billion a year in medical costs. Reform will allow employers to help their workers be healthier by providing discounts on health insurance premiums for workers who maintain healthy habits. (wellness incentives)

12. Waste less time processing paperwork.

Between \$50 billion and \$70 billion a year is spent on administrative tasks such as filling out multiple variations on insurance forms and processing claims. Reform will simplify paperwork so that doctors can spend less time on paperwork and more time with patients. (administrative simplification)