

AHIP Outlines Plan to Reduce Health Care Costs by \$145 B

America's Health Insurance Plans

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Five Core Principles to Ensure Patients Receive High-Value Health Care

The U.S. could reduce total health care spending and improve the quality of patient care if the plan proposed today by America's Health Insurance Plans (AHIP) was implemented. PricewaterhouseCoopers reviewed AHIP's proposals and estimates and concluded that if these proposals are fully implemented, the nation's total health care expenditures could be \$145 billion lower than currently projected by the year 2015.

"Based on our analysis, these initiatives, if implemented broadly, can yield significant savings," said Jack Rodgers, Director of Health Policy Economics, PricewaterhouseCoopers.

The rising cost of medical services has a clear impact on patients, employees, employers of every size competing in an increasingly global marketplace, and taxpayers who fund public health care programs. Reflecting the urgent need to stem the unsustainable growth in the cost of medical care, AHIP's Board of Directors has developed a strategy that teams innovative health plan cost containment tools with sensible public policy initiatives to make health care more affordable. This initiative is part of an 18-month effort to present a roadmap that offers comprehensive solutions to address the nation's health care crisis. These solutions have been designed to be workable, affordable, and achievable now—through a uniquely American public-private effort.

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In November 2006, AHIP's Board of Directors announced a comprehensive proposal to cover every American using a public-private, federal-state approach. In April 2007, AHIP's Board proposed a set of recommendations that — if implemented — would lead to a safer, higher quality health care system. In December 2007, AHIP's Board released a proposal to guarantee access to health care coverage in the individual market and announced support for third party review of rescission decisions and their commitment to limiting pre-existing condition exclusions.

"The nation faces complex health care challenges and only an integrated strategy that addresses costs, quality and access will bend the cost curve and allow the country to ensure that all Americans have access to affordable health care," said Karen Ignagni, President and CEO of AHIP.

Disease management, care coordination, prevention, moving from paper to electronic transactions, transitioning to a value-based payment system, and addressing how new technology can be most effectively introduced into the system will allow the country to achieve more value for its health care investment. The AHIP proposal presents programs that are working now in these areas and maps out how the public and private sectors can work together to achieve these goals.

Principle #1: Patients and their doctors must have the information and tools they need to evaluate treatment options and make health care decisions on the basis of safety, quality and cost.

AHIP Proposal: Access to information that compares the effectiveness and cost of treatments:

Give providers, patients and purchasers access to a trusted source where they can find up-to-date and objective information on which health care services are most effective and provide the best value.

Principle #2: Patients and doctors want an efficient, interconnected health care delivery system that reduces medical errors.

AHIP Proposal: Health information technology: Encourage widespread adoption of tools such as electronic health records (EHRs), personal health records (PHRs), secure e-visits with physicians, and e-prescribing.

Principle #3: Doctors and nurses need the freedom to practice medicine without worrying about frivolous lawsuits.

AHIP Proposal: Reforming the legal system: Replace the current medical liability system with a dispute resolution process consisting of an objective, independent administrative process to provide quick and fair resolution to disputes while promoting evidence-based medicine.

Principle #4: Health insurance plans are transitioning to a system that more closely aligns payments with the quality of care patients receive.

AHIP Proposal: Build health care reform around quality improvement by rewarding safety, value and effectiveness: Work for the broader adoption of value-based reimbursement mechanisms and provide consumers with more actionable information about health care value.

Principle #5: The nation must move towards a system of care that focuses on keeping people healthy, detects disease at the earliest possible stage and rewards chronic care management.

AHIP Proposal: Enhanced disease management, care coordination and prevention programs: Deploy a new generation of strategies that emphasize prevention, improve chronic care and tailor healthcare for patients to help them live longer and stay healthier.

"The goal is to keep people healthy and health insurance plans have pioneered the next generation of cost containment strategies necessary to advance this objective," Ignagni said. "Health insurance plans have made measurable progress, but the nation needs a coordinated approach across the public and private sectors to maximize the impact of these strategies."

[Read AHIP's Proposal to Reduce Health Care Costs](#) (PDF)