

Volume I, Issue 2 - May 8

UnitedHealthcare is pleased to bring you this issue of Health Care Modernization News Flash to update you on health care issues under discussion in Washington, D.C. and in the states, and to share our perspectives on modernization of the health care system.

Our Perspective

Containing Costs is Key to Modernizing Health Care

In a speech to the Illinois Chamber of Commerce Employer Health Care Conference in Chicago on April 29, 2009, UnitedHealth Group Executive Vice President Simon Stevens spoke about how health care coverage for all Americans is attainable and can be funded by slowing the growth in health care spending in the United States. Mr. Stevens stated that, "For the \$2.6 trillion the nation will spend on health care this year, we should be able to do a lot better. To expand coverage, we have to tackle costs and quality. The good news is we do actually know how to do this." Steven's speech included practical strategies for containing costs, payment reform, unleashing savings in Medicare, strengthening primary care, reducing health disparities, engaging consumers, preventing illness, and improving end of life care. For more information and highlights read the [press release](#) and [speech](#) given by Stevens.

National Spotlight

House and Senate Pass Budget Resolution Agreement that May Speed Passage of Health Reform

The House and Senate have approved a compromise budget resolution that sets parameters for spending and revenue legislation. As requested by the President, the budget resolution includes a reserve fund for health care reform initiatives that must be deficit-neutral for fiscal years 2009 through 2014 or fiscal years 2009 through 2019. The resolution allows Medicare physician payment legislation, that would likely prevent cuts to physician payment rates for two years, to be exempt from the deficit-neutral requirement. The budget resolution also allows for the ability to consider health care reform legislation under the reconciliation process. Reconciliation is a procedure that Congress may use to make it easier to pass budget bills related to tax and entitlement spending programs. A reconciliation bill can not be filibustered as debate is limited to 20 hours, and this allows a bill to be passed quickly with a simple majority vote.

Kathleen Sebelius Confirmed as Secretary of Health and Human Services

Former Kansas Governor Kathleen Sebelius has been confirmed by the Senate to serve as the Secretary for Health and Human Services. Her nomination was passed in the Senate by a vote of 65 to 31. In confirmation hearings, she stated that health reform would be her mission, that the status quo is unacceptable and unsustainable, and that health reform must happen this year.

Senate Finance Committee Releases Document on Options for Delivery System Reform

On April 29, 2009, the Senate Finance Committee released a description of policy options the committee is considering as it pursues changes to the delivery system as part of the broader health reform effort. The options being considered by the committee for reforming the health care delivery system include:

- **Payment Reform to Improve Quality and Promote Primary Care:** The committee is considering proposals to link provider payment to quality, where payment rates for Medicare

would be adjusted for quality and outcomes for different types of providers. The proposals being considered would also create quality and performance measures and develop reporting systems.

- **Payment Reform to Foster Care Coordination and Provider Collaboration:** The committee is also looking at proposals to reform Medicare payment systems to increase care coordination through options such as payment models for patient-centered medical homes or provider care teams, bundled hospital payments to reduce hospital readmissions, and provider gain-sharing to allow providers meeting quality thresholds to share in the cost savings they achieve.
- **Health Care Infrastructure Investments to Support Delivery System Reform:** The committee is considering various infrastructure investments including the expansion of Medicare incentive payments for use of electronic health records (EHR) to include nurse practitioners and physician assistants, other health IT incentives for providers, proposals to increase comparative effectiveness research, ways to increase provider transparency and disclosure of relationships with drug and device manufacturers and ownership of facilities, and options for improving the health care workforce and increasing access to primary care physicians.
- **Promoting Quality, Efficiency and Chronic Care Management in Medicare Advantage:** The committee offered its perspective on ways to reform the Medicare Advantage program, and stated that it was interested not only in payment reform, but also in incentives for quality, chronic care management and benefit simplification. Some of the payment options under consideration include tying some portion of the payment to Medicare Advantage plans to performance on quality measures, modifying the benchmark rate based on a blend of national and local benchmark rates, and creating a competitive bidding model to establish payment rates for Medicare Advantage plans.
- **Combating Fraud, Waste, and Abuse in Public Programs:** The committee is considering ways to improve the integrity of Medicare and Medicaid. Proposals under consideration include requiring that providers and suppliers be evaluated through a screening application before Medicare billing privileges are granted, requiring Medicare and Medicaid providers to implement compliance programs, and establishing a single integrity database with enhanced analytical tools and additional data sources to combat fraud.

State Spotlight

Visits to Emergency Rooms Increase in Massachusetts as More People Get Health Coverage

According to state data, visits to emergency rooms increased by 7% between 2005 and 2007 as more people got health insurance under a new law in Massachusetts requiring state residents to have coverage. When the law was passed, supporters stated that increased levels of health insurance coverage would encourage the newly insured to visit primary care doctors instead of the emergency room. Although more years of data are needed to fully assess the impact of the individual health insurance mandate, commentators throughout the state suggest that more primary care doctors are needed to address the increased demand and that changes to the payment system are needed to increase the number of primary care doctors and incent the health care system to prevent and treat health care conditions before they require more intensive and expensive treatment.