The Rising Cost of Healthcare – Message from the National Affordability Summit

By: Teresa Couts, Kentuckiana Health Collaborative Co-Executive Director

Healthcare leaders and policy experts gathered in Washington, DC at the National Affordability Summit hosted by the Network for Regional Healthcare Improvement (NRHI) to discuss the rising cost of healthcare and its growing threat for patients, employers, Government, and the U.S. economy. Themes that emerged from the Affordability Summit are the healthcare payment system is a problem, necessary services are not covered, fee-for-service fosters unnecessary and wasteful care, and over/avoidable spending on healthcare is the biggest driver of cost.

Scholarship funding awarded to the Kentuckiana Health Collaborative by the Robert Wood Johnson Foundation allowed us to assemble a team of regional champions from various stakeholder perspectives for attendance at this summit. The KHC team consisted of Amanda Elder, LG&E-KU (employer), Shelley Gast, Norton Healthcare (health system), and Michael Lorch, Anthem (health plan).

National thought leaders Arnold Milstein, MD, Harold Miller, Elizabeth Mitchell, David Lansky and others shared their views about the healthcare problem, alternative solutions to improve quality and reduce cost, how employers can shape the healthcare landscape and actions that we can take in our communities to promote affordability.

Harold Miller, President and CEO, Center for Healthcare Quality and Payment Reform (CHQPR) spoke on Redesigning Healthcare Delivery and Payment for Higher Value. He stated the biggest driver of health care cost is hospitals followed by insurance administration/profits. The Institute of Medicine estimates 30% of spending is avoidable and 25% of avoidable spending is excess administrative costs. By focusing on spending that is unnecessary and avoidable you can get to better care at lower cost. Barriers in the present payment systems create a win-lose for providers. Barriers are no dollars or inadequate dollars for High-Value Services. The system won’t pay for office services delivered outside of face-to-face visits with clinicians, e.g. phone calls, e-mails, etc. but will pay for an ER ambulance or hospital stay. Harold’s path to affordability is redesigning health care from the bottom up instead of from the top down to achieve better care at lower costs through patient-centered payment. Bottom up Payment Reform asks physicians and hospitals to identify ways to improve care for patients and eliminate avoidable costs → Payers provide adequate payment for quality care & providers take accountability for quality & efficiency → patients get good care at an affordable cost and independent providers remain financially viable. Harold provided examples of healthcare leaders who have successfully implemented this approach for Crohn’s disease, joint replacement, cancer, and Emergency Room patients.

The Affordability Summit was enlightening and a call to action. There is an urgency to reduce healthcare spending and make healthcare affordable. The KHC will work with our members and partners to improve healthcare cost. One initiative we have begun is to develop a common measurement set across all payers.
The KHC team that attended the summit thought the conversation was interesting. Michael Lorch is looking forward to further discussions on affordability. Amanda Elder, LG&E-KU, said “she was very pleased to see transparency is making headway within the industry. Health care can be overwhelming and confusing, even to those who work in the field, however, I think the industry and all players are making strides in this area. A common theme I heard throughout the entire summit was there are various ways to achieve improvements in cost and outcomes”. Shelley Gast, Norton Healthcare, said “What most were proposing sounds good; it may not work in all markets but best quality care at an affordable price is reasonable. What wasn’t talked about at all was the payor. It seems to be more around what the providers can do to eliminate waste and reduce cost of care but they really didn’t mention the payors. That surprised me. All in all I do believe the KY market wants to work on innovative ideas and provide the best care to our consumers. In order for us the provider, to continue to provide this, the physicians and systems need to maintain their margin of 2%. I think it’s going to take everyone making changes, consumers, employers, providers and payors. That’s not easy nor is it something that can happen overnight. We all have the same goal, now we just all need to work together to get there.”