



Meeting Consumers Deepest Health Care Needs: A Call for True Payment Reform



Introduction

People in America do not sit down at the dinner table to discuss their deep frustrations with the fee-for-service payment structure that predominates our health care system, at least not in those terms. But they do talk about getting the runaround from doctor to doctor and test to test. They talk about receiving six different bills from one medical appointment because each aspect of that visit was billed from a different provider, lab or diagnostic company. They talk about their ongoing frustration that doctors and specialists are not communicating and working together to make a diagnosis or establish a treatment plan. They talk about their well-founded fears that they are paying more for health care even though it does not feel like they are getting any healthier, which is perhaps the most common concern in communities all across this country. The words “payment reform” may not be uttered at everyone’s kitchen table, but it is an important solution to many of our shared concerns with our health care.

All people in the United States should be able to achieve their best health, including by having access to high-quality, affordable and equitable health care. Yet high and rising health care costs, inadequate access to care, and poor-quality health care are making it difficult for America’s families to get the care they need at a price they can afford. The United States spends an exorbitant amount of money on health care, often spending two or three times more per person than many other

comparable countries.^{1,2} Despite all this spending, the U.S. has some of the worst health outcomes among high-income countries.³ Instead of achieving good health, our nation's families are often foregoing needed medical care due to the high cost, experiencing record levels of medical debt, and too often having to choose between paying for food and housing or seeking medical care. And when they do interact with the health care system, they increasingly experience preventable harms or even die because of medical errors that take the lives of more than 400,000 Americans each year.⁴

Health care experiences for people in the U.S. vary widely depending on their race, economic status and where they live, with many people struggling to access the care they need to get and stay healthy.^{5,6} At the same time, employers and policymakers at both the state and national level are dealing with a crisis of out-of-control health care spending.⁷ For all the money that our nation and its people spend on health care, Americans are generally dissatisfied with the care they receive. More than half of Americans rate the quality of U.S. health care as “fair” or “poor.”^{8,9}

This dissatisfaction is happening in large part because the U.S. health care system is operating in response to economic incentives that work against the best interests of the people it is supposed to serve. In many ways, the current system is only serving to enrich those at the very top. The health care system encourages large health care corporations to thrive by buying up community doctors' offices to form medical monopolies, which then set high prices and generate high volumes of high-priced services with little accountability for affordability, health outcomes or the economic security of the people receiving those services.¹⁰

This business model has resulted in a health care system that has failed to address the most fundamental needs of our nation's families. It is well documented in academic literature, focus group studies, and national and state surveys that the biggest frustrations the American people have with the U.S. health care system revolve around inadequate health care affordability, barriers in accessing health care, and receiving low-quality care. Policymakers have a responsibility to advance payment reform through policy solutions that will address and solve the deepest frustrations of the American people. For payment reform efforts to be meaningful and to truly deliver the affordable, high-quality care and improved health that we all deserve, these reforms must embed consumers' deepest health care needs regarding affordability, access and quality into the design features of existing and new ways of paying for and delivering care. Below we provide an overview of consumers' deepest needs from the health care system and promising policy solutions already underway.

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Understanding the deepest health needs of U.S. health care consumers and patients

Health care affordability

Americans should never have to choose between going to the doctor and feeding their families, regardless of who they are or where they live. Yet nearly half of all Americans report having to forgo medical care due to the cost, and a third indicate that the cost of medical care interferes with their ability to secure basic needs like food and housing. It is clear that the cost of American health care is a profound economic problem threatening the financial security of our nation's families.^{11,12} A staggering 75% of Americans give the affordability of U.S. health care a failing grade, and more than 100 million Americans face medical debt, which disproportionately impacts people of color, people with low incomes, and people living with disabilities.^{13,14} This unaffordable health care is the direct result of economic incentives that prioritize corporate greed at the expense of our health and financial security.¹⁵ The problem of unaffordable health care is even more dire for our nation's most marginalized communities, in nearly every state, Black and Hispanic people are more likely than their white counterparts to delay going to the doctor due to cost.¹⁶

Access to health care

Even when affordability is not an immediate barrier to care, consumers and patients are often unable to access the health care they need when they need it. The American people face numerous additional barriers to accessing care, including locating providers, obtaining timely appointments, and navigating complex health insurance coverage.^{17,18} More than half of adults across the country experience significant challenges in being able to find and see a doctor when they need one due to a general lack of appointment availability, narrow networks that restrict access to in-network doctors, and an overly complicated process to identify and locate a needed health care provider.¹⁹ These barriers to accessing care are even more pronounced for people living in rural communities, as well as for Hispanic and African American people, who are disproportionately impacted by provider shortages.^{20,21} Even when consumers have health care providers available to them, the process of navigating the health care system poses significant barriers to care for consumers. Navigating the health care system requires locating a provider, understanding the cost of treatment, managing care between providers, and knowing whether a health plan will cover a treatment.²²

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FACE MEDICAL DEBT.

INACCESSIBILITY IN THE U.S. HEALTH CARE SYSTEM



**AMERICANS FACE ADDITIONAL
BARRIERS TO THEIR CARE WITH:**



Difficulty locating
providers that accept
their health insurance.



Having to navigate
complex health
insurance coverage.



Difficulty obtaining
appointments when
they need them.

Quality of health care

For all the money spent on U.S. health care, this country has some of the worst health outcomes and significant, pervasive deficiencies in delivering high-quality care. Nearly one-quarter of U.S. adults experience poor-quality health care, and nearly two-thirds report being very dissatisfied with the quality of medical care they received.²³ Moreover, the United States consistently ranks worse on health care quality and outcomes compared with other industrialized countries. For example, our nation's families experience high rates of overall mortality, premature death and overall disease burden.²⁴ Research shows that nearly 87 out of every 100,000 deaths in the U.S. are "amenable," meaning they could have been prevented by timely and effective health care, and this rate is significantly higher than most comparable nations.^{25,26} The U.S. health care system fails to coordinate care for patients and consumers effectively, which often results in confusion, conflicting treatment plans, duplication of testing, unnecessary hospital readmissions, and major gaps in the delivery of preventive health care services.²⁷ This fragmented health care delivery system results in consumers and patients feeling deeply frustrated, overlooked and disempowered, in addition to driving lower-quality care and worse health outcomes.^{28,29}

The opportunity

In order to create a country where everyone has a chance to live a long and healthy life, we must tackle the fundamental underlying issues of a health care system that focuses on a fee-for-service profit motive rather than the health of the people it is meant to serve.³⁰ That means that people should be able to go to the doctor when they need to and that those doctors can easily coordinate with each other instead of forcing people to navigate a complicated health care system on their own while facing difficult or life-threatening illnesses. It means people should get high-quality health care at a cost they can afford regardless of how much money they make, the color of their skin or where they live.

Poll after poll shows that health and health care are among the top motivating issues on the minds of U.S. voters.^{31,32,33} Recent polling by Families USA found that 90% of voters believe it is very important or fairly important for the president and Congress to take action to lower the cost of health care.³⁴ A different poll by Gallup and West Health found that 93% of Americans agree that our country is paying too much for the quality of

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health care we receive, and more than half of adults in that same poll said their most recent health care experience was not worth the cost.^{35,36}

The message is clear: Voters in America believe the cost of health care is too high, the quality of health care is too low, and the government needs to fix it.^{37,38} When it comes to payment reform, voters are ready to see meaningful solutions at the state and federal levels. Policymakers have an opportunity to seize this moment and enact policy solutions that rein in our nation's out-of-control health care spending and improve health outcomes and equity. Meaningful payment reform can accomplish all those goals.

The need for policy solutions

It is past time to implement payment reform policy solutions that will make health care affordable and allow our nation's families to get the health and health care they deserve. Policymakers at every level have a role to play, from Congress and the Biden administration to all 50 state capitols and governors, across the political spectrum. These policy solutions must solve for the deepest needs of American families on affordability, access and health care quality. Importantly, there are both short-term and long-term policy solutions that will begin to fix the perverse incentives in the health care system and advance payment reforms that can fix our nation's affordability and quality crisis if those solutions are rooted in solving the needs of our nation's families.

In the short term, policymakers should focus on ending the health care sector's pricing abuses and introducing real competition by reining in monopolistic behavior in the health care industry. Policymakers must also ensure there is greater transparency around the cost of care and health



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outcomes, including for vulnerable populations living in rural America, people of color, and other historically marginalized populations. In the intermediate to long term, policymakers should focus on redesigning the economic incentives of the health care sector to be aligned with the needs of consumers and families. Ultimately, policy solutions should reorient health care payment and delivery to the goal that we all have — improved health for ourselves and our families that is affordable and economically sustainable.

Policy Solutions Already Underway

This list includes payment reform policy solutions already underway in Washington, D.C., and across the country:

- » Passage and implementation of the No Surprises Act to protect people from receiving surprise out-of-network medical bills.
- » Passage and implementation of the Inflation Reduction Act, which grants Medicare the authority to negotiate prescription drug prices.
- » Passage of U.S. House legislation to strengthen and codify hospital price transparency and transparency in coverage regulations.
- » Enactment of certain site-neutral payments in Medicare and the private sector.
- » Development of federal and state bills to prohibit anti-competitive behavior like “all-or-nothing” clauses and “anti-steering” or “anti-tiering” clauses.
- » Efforts to establish a national all-payer claims database and other efforts to ensure data are available to understand health care costs and outcomes.
- » Implementation of new payment and delivery reform models such as Primary Care First; Making Care Primary; the Accountable Care Organization Realizing Equity, Access and Community Health (ACO REACH) model; the oncology bundled payment model; the States Advancing All-Payer Health Equity Approaches and Developments (AHEAD) model; and the Transforming Maternal Health model.
- » Implementation of global hospital budgets and all-payer rate setting models in Maryland, Pennsylvania and Vermont.
- » Proliferation of state affordability and cost boards and state all-payer claims databases.
- » Development of new community-based entities like coordinated care organizations in Oregon, which establish health care targets and redistribute health care dollars into community-identified needs, with cost and quality targets, and North Carolina’s Healthy Opportunity pilot, which pays for community-based organizations to provide 29 evidence-based, nonmedical services that address housing, food, transportation, interpersonal violence, and toxic stress.



It will take all of us working together to reorient how we access and pay for health care so that patients are at the center of everything and businesses are rewarded for keeping people healthy.

Conclusion

These policy solutions and innovative health care models are paving the way toward needed improvements in how the U.S. pays for and delivers health care to ensure the system meets consumers' deepest health care needs — namely affordability, access and quality. Unless policymakers commit to making foundational change, our broken health care system will continue to incentivize high unit prices and fee-for-service economics, which drive unaffordable, inequitable care and poor health outcomes for our nation's families. Given the entrenched interests of health care corporations in maintaining the status quo, foundational change will require a national consumer-driven movement to enact a new vision of payment reform that brings down health care costs and addresses corporate bad actors in our health care system. When we do that, we can finally improve people's health and make sure that families and individuals in America can access affordable, quality care when they need it, regardless of color, gender or ZIP code. It will take all of us working together to reorient how we access and pay for health care so that patients are at the center of everything and businesses are rewarded for keeping people healthy instead of encouraged to order more tests to drive up profits. When that happens, consumers will be healthier and more financially stable, and businesses will thrive.

Endnotes

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Our health care system has become so focused on dollars that it undermines the best interest of patients. We need to dramatically rethink how we deliver care so that the focus is on positive health outcomes for patients rather than an endless flow of bills.

People First Care is a series of publications that addresses the systemic problems in health care payment and delivery that drive unaffordable, low-quality care and poor health, and lays a blueprint for reorienting the health care system to deliver health and affordable, high-quality care for all.

People First Care Series

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