



Inefficient and poor quality care costs the nation at least \$50 to \$100 billion every year.⁹ Billions more are wasted on administration and overhead because of inefficiencies in the health care system.¹⁰ And given current trends, this problem will only get worse as health care spending is expected to double within the next decade.¹¹

A growing body of research points to substantial opportunities to improve quality while reducing the costs of care. Health care systems in many parts of the country deliver high quality care to the populations they serve at half the cost of other equally renowned academic medical centers in other parts of the country.¹² The key is to provide information, incentives and support to help physicians and others work together to improve quality of care while reducing costs.

Barack Obama and Joe Biden believe we must redesign our health system to reduce inefficiency and waste and improve health care quality, which will drive down costs for families and individuals. The Obama-Biden plan

- **Coordinate and integrate care.** Rates of chronic diseases have skyrocketed in the last 2 decades.¹⁷ Over 133 million Americans have at least one chronic disease.¹⁸ With proper care, the onset and progression of these diseases can be contained for many years. In addition to the needless suffering and early death they cause, these chronic conditions cost a staggering \$1.7 trillion yearly.¹⁹ Barack Obama and Joe Biden will support providers to put in place care management programs and encourage team care through implementation of medical home type models that will improve coordination and integration of care of those with chronic conditions.
- **Require full transparency regarding quality and costs.** Health care quality and costs can vary tremendously among hospitals and providers; however, patients have limited access to this information.²⁰ Barack Obama and Joe Biden will require hospitals and providers to collect and publicly report measures of health care costs and quality, including data on preventable medical errors, nurse staffing ratios, hospital-acquired infections, and disparities in care and costs. Health plans will be required to disclose the percentage of premiums that actually goes to paying for patient care as opposed to administrative costs.

ENSURE PROVIDERS DELIVER QUALITY CARE

- **Promote patient safety.** Barack Obama and Joe Biden will require providers to report preventable medical errors, and support hospital and physician practice improvement to prevent future errors.
- **Align incentives for excellence.** Both public and private insurers tend to pay providers based on the volume of services provided, rather than the quality or effectiveness of care.²¹ Barack Obama and Joe Biden will accelerate efforts to develop and disseminate best practices, and align reimbursement with provision of high quality health care. Providers who see patients enrolled in the new public plan, the National Health Insurance Exchange, Medicare and FEHB will be rewarded for achieving performance thresholds on physician-validated outcome measures.
- **Comparative effectiveness reviews and research.** One of the keys to eliminating waste and missed opportunities is to increase our investment in comparative effectiveness reviews and research. This information is developed by reviewing existing literature, analyzing electronic health care data, and conducting simple, real world studies of new technologies. Barack Obama and Joe Biden will establish an independent institute to guide reviews and research on comparative effectiveness, so that Americans and their doctors will have accurate and objective information to make the best decisions for their health and well-being.
- **Tackle disparities in health care.** Although all Americans are affected by problems with our health care delivery system, an overwhelming body of evidence demonstrates that certain populations are significantly more likely to receive lower quality health care than others. Barack Obama and Joe Biden will tackle the root causes of health disparities by addressing differences in access to health coverage and promoting prevention and public health, both of which play a major role in addressing disparities. They will also challenge the medical system to eliminate inequities in health care by requiring hospitals and health plans to collect, analyze and report health care quality for disparity populations and holding them accountable for any differences found; diversifying the workforce to ensure culturally effective care; implementing and funding evidence-based interventions, such as patient navigator programs; and supporting and expanding the capacity of safety-net institutions, which provide a disproportionate amount of care for underserved populations with inadequate funding and technical resources.
- **Reform medical malpractice while preserving patient rights.** Increasing medical malpractice insurance rates are making it harder for doctors to practice medicine²² and raising the costs of health care for everyone.²³ Barack Obama and Joe Biden will strengthen antitrust laws to prevent insurers

from overcharging physicians for their malpractice insurance. Barack Obama and Joe Biden will also promote new models for addressing physician errors that improve patient

increase use of generic drugs in the new public plan, Medicare, Medicaid, FEHBP and prohibit large drug companies from keeping generics out of markets.

- **Allow Medicare to negotiate for cheaper drug prices.** The 2003 Medicare Prescription Drug Improvement and Modernization Act bans the government from negotiating down the prices of prescription drugs, even though the Department of Veterans Affairs' negotiation of prescription drug prices with drug companies has garnered significant savings for taxpayers.³² Barack Obama and Joe Biden will repeal the ban on direct negotiation with drug companies and use the resulting savings, which could be as high as \$30 billion,³³ to further invest in improving health care coverage and quality.

(4) REDUCE COSTS OF CATASTROPHIC ILLNESSES FOR EMPLOYERS AND THEIR EMPLOYEES. Catastrophic health expenditures account for a high percentage of medical expenses for private insurers.³⁴ In fact, the most recent data available reveals that the top five percent of people with the greatest health care expenses in the U.S. account for 49 percent of the overall health care dollar.³⁵ For small businesses, having a single employee with catastrophic expenditures can make insurance unaffordable to all of the workers in the firm. The Obama-Biden plan would reimburse employer health plans for a portion of the catastrophic costs they incur above a threshold if they guarantee such savings are used to reduce the cost of workers' premiums. Offsetting some of the catastrophic costs would make health care more affordable for employers, workers and their families.

AFFORDABLE, ACCESSIBLE COVERAGE OPTIONS FOR ALL

Barack Obama and Joe Biden will guarantee affordable, accessible health care coverage for all Americans. Currently, there are over 45 million Americans lacking health insurance, and millions more are at risk of losing their coverage due to rising costs.³⁶ Rising costs are also a burden on employers, particularly small businesses, which are increasingly unable to provide health insurance coverage for their employees and remain competitive. Nearly two million fewer Americans receive health insurance coverage through their employers now compared to eight years ago,³⁷ and this trend shows no sign of slowing down. It is simply too expensive for individuals and families to buy insurance directly on the open market and impossible for many with pre-existing conditions.

The Obama-Biden plan both builds on and improves our current insurance system, which most Americans continue to rely upon, and leaves Medicare intact for older and disabled Americans. Under the Obama-Biden plan, Americans will be able to maintain their current coverage, have access to new affordable options, and see the quality of their health care improve and their costs go down. The Obama-Biden plan provides new affordable health insurance options by: (1) guaranteeing eligibility for all health insurance plans; (2) creating a National Health Insurance Exchange to help Americans and businesses purchase private health insurance; (3) providing new tax credits to families who can't afford health insurance and to small businesses with a new Small Business Health Tax Credit; (4) requiring all large employers to contribute towards health coverage for their employees or towards the cost of the public plan; (5) requiring all children have health care coverage; (5) expanding eligibility for the Medicaid and SCHIP programs; and (6) allowing flexibility for state health reform plans.

(1) GUARANTEED ELIGIBILITY. Obama and Biden will require insurance companies to cover pre-existing conditions so all Americans, regardless of their health status or history, can get comprehensive benefits at fair and stable premiums.

(2) NEW AFFORDABLE, ACCESSIBLE HEALTH INSURANCE OPTIONS. The Obama-Biden plan will create a National Health Insurance Exchange to help individuals purchase new affordable health care options if they are uninsured or want new health insurance. Through the Exchange, any American will have the opportunity to enroll in the new public plan or an approved private plan, and income-based sliding scale tax credits will be

provided for people and families who need it. Insurers would have to issue every applicant a policy and charge fair and stable premiums that will not depend upon health status. The Exchange will require that all the plans offered are at least as generous as the new public plan and meet the same standards for quality and efficiency. Insurers would be required to justify an above-average premium increase to the Exchange. The Exchange would evaluate plans and make the differences among the plans, including cost of services, transparent.

The Exchange will have the following features:

- **Comprehensive benefits.** The benefit package will be similar to that offered through the Federal Employees Health Benefits Program (FEHBP), the program through which Members of Congress get their own health care. Plans will include coverage of all essential medical services, including preventive, maternity and mental health care.
- **Affordable premiums, co-pays and deductibles.** Participants will be charged fair premiums and minimal co-pays for deductibles for preventive services.
- **Simplified paperwork.** The plan will simplify paperwork for providers and will increase savings to the system overall.
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(7) FLEXIBILITY FOR STATE PLANS. Due to federal inaction, some states have taken the lead in health care reform. Under the Obama-Biden plan, states can continue to experiment, provided they meet the minimum standards of the national plan.

PROMOTING PREVENTION

Covering the uninsured and modernizing America's health care system are urgent priorities, but they are not enough. This nation is facing a true epidemic of chronic disease. An increasing number of Americans are suffering and dying needlessly from diseases such as obesity, diabetes, heart disease, asthma and HIV/AIDS, all of which can be delayed in onset if not prevented entirely. One in 3 Americans—133 million—have a chronic condition, and children are increasingly being affected.³⁸ Five chronic diseases—heart disease, cancer, stroke, chronic obstructive pulmonary disease, and diabetes—cause over two-thirds of all deaths each year.³⁹

In addition to the tremendous human cost, chronic diseases exact a tremendous financial toll on our health care resources. Care for patients with diabetes costs \$130 billion each year alone, and this amount is growing.⁴⁰ Tackling chronic diseases is also straining our public health departments and finances, which are already stretched too thin carrying out traditional public health functions, which include ensuring our water is safe to drink, the air is safe to breathe, and our food is safe to eat.

Barack Obama and Joe Biden believe that protecting and promoting health and wellness in this nation is a shared responsibility among individuals and families, school systems, employers, the medical and public health workforce, and federal and state and local governments. All parties must do their part, as well as collaborate with one another, to create the conditions and opportunities that will allow and encourage Americans to adopt healthy lifestyles.

(1) EMPLOYERS. Reduced workforce productivity from illness and disability represents an additional drain on business. To address employee health, an increasing number of employers are offering worksite health promotion programs, onsite clinical preventive services such as flu vaccinations, nutritious foods in cafeterias and vending machines, and exercise facilities. Equally important, many employers choose insurance plans that cover preventive services for their employees. Barack Obama and Joe Biden believe that worksite interventions hold tremendous potential to influence health and they will expand and reward these efforts.

(2) SCHOOL SYSTEMS. Childhood obesity is nearly epidemic,⁴¹ particularly among minority populations,⁴² and school systems can play an important role in tackling this issue. For example, only about a quarter of schools adhere to nutritional standards for fat content in school lunches.⁴³ Barack Obama and Joe Biden will work with schools to create more healthful environments for children, including assistance with contract policy development for local vendors, grant support for school-based health screening programs and clinical services, increased financial support for physical education, and educational programs for students.

(3) WORKFORCE. Primary care providers and public health practitioners have and will continue to lead efforts to protect and promote the nation's health. Yet, the numbers of both are dwindling,⁴⁴ and the existing workforce is further challenged by inadequate training for new health threats such as bioterrorism and avian flu, antiquated funding and reimbursement mechanisms, and limited access to real-time information and technical support. Barack Obama and Joe Biden will expand funding—including loan repayment, adequate reimbursement, grants for training curricula, and infrastructure support to improve working conditions—to ensure a strong workforce that will champion prevention and public health activities.

(4) INDIVIDUALS AND FAMILIES. Preventive care only works if Americans take personal responsibility for their health and make the right decisions in their own lives – if they eat the right foods, stay active, and stop smoking. Barack Obama and Joe Biden will ensure that all Americans are empowered to monitor their health by ensuring coverage of essential clinical services in all federally supported health

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- ¹⁸ Gerard Anderson, Robert Herbert, Timothy Zeffiro, and Nikia Johnson *Chronic Conditions: Making the Case for Ongoing Care* (2004). Partnership for Solutions (Johns Hopkins and Robert Wood Johnson Foundation).
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