



**Making Health Care More Affordable:**  
A Blueprint to Lower Costs,  
Improve Access and Enhance Quality

# Making Health Care More Affordable: A Blueprint to Lower Costs, Improve Access and Enhance Quality

While the U.S. can rightly take pride in having the most advanced health care in the world, that care is increasingly viewed as unaffordable for patients, purchasers and taxpayers. Despite years of efforts to “bend the cost curve,” federal, state, employer and personal health expenditures continue to accelerate — a reflection of demographic pressures, technological advances, growing demand for care, and steep increases in input costs for labor, supplies and prescription drugs. Moreover, the goal of universal coverage has not been realized, with many Americans remaining uninsured or underinsured.

**As the backbone of the U.S. health care system, hospitals and health systems understand the importance of making sure high-quality care is affordable and accessible.** Hospital caregivers support newborn babies and their families during the first moments of life, provide compassionate care to people at the end of their lives, and are there to support all of us for many moments in between. Hospitals train the next generation of clinicians and innovate to develop the latest life-saving therapies. The “blue and white H” symbol conveys hope, healing and refuge during crises. It means highly skilled help is near, and no person seeking care will be turned away, 24 hours a day, 7 days a week. This enormous responsibility is just one of the things that distinguishes hospitals from the rest of the health care ecosystem.

As such, hospitals and health systems have long been leaders in advancing meaningful solutions to complex health care challenges, including affordability concerns. First and foremost, hospitals and health systems are constantly innovating to provide the highest-quality care to patients — innovations that not only save lives but save dollars by preventing more costly illnesses and shortening patients’ hospital stays. Additionally, providers are transforming care delivery by implementing value-based and risk-bearing models while leveraging data and digital technologies to enhance management of chronic diseases and complex conditions. Furthermore, hospitals and health systems are using advanced analytics to minimize unnecessary variation and low-value care, as well as collaborating with community partners to provide improved support for patients with significant needs.

**Hospitals and health systems are committed to doing their part to address today’s affordability challenges.** This multifaceted issue involves several considerations, as efforts to enhance affordability for one segment, such as individuals, often result in the redistribution of costs to other stakeholders, such as employers or the government. Realizing genuine affordability gains at a systemic level will necessitate collaborative efforts among all stakeholders. Thus, we call on purchasers, policymakers, technology companies, drug and supply manufacturers, and individuals to collaborate with us on these efforts.



# STRATEGIES FOR AFFORDABILITY

## STRATEGY 1

### Improve the Health of Individuals and Communities

One of the most pressing opportunities to reduce health care spending is to mitigate the need for high-cost interventions by preventing the onset of illness and injury. The U.S. has some of the highest rates of obesity, diabetes, kidney disease, liver disease, mental health conditions and multimorbidity in the developed world. Chronic disease management requires frequent — and often redundant — testing and imaging, medication titration, and episodic, and often very costly, acute interventions. In addition, medical and pharmaceutical advances allow many individuals to survive conditions that historically would have been fatal, often resulting in greater care needs over longer periods, including near the very end of life. While the root causes of illness and injury often are outside the health care ecosystem, providers, health plans, drug manufacturers and individuals play an important role in ensuring patients and communities achieve their best health.

#### *Actions to improve overall health and affordability of care include:*

- **Increase access to primary care and prevention.** Increase capacity for preventive services and other primary care, including maternal care and mental health, by investing in the workforce pipeline. Build new access points through innovative partnerships among providers, purchasers and communities; and broaden adoption of telehealth and AI tools to facilitate access.
- **Improve transparency of pricing information.** Improve access to reliable, upfront pricing information for services considered to be “shoppable;” simplify patient cost-sharing; and enhance cross-industry engagement in ensuring patients understand their benefit structure and available financial assistance across their care providers.
- **Revise the tax code to protect patients from catastrophic costs.** Explore changes to the tax code to protect individuals from catastrophic health care costs or bankruptcy due to illness or injury; options could include a “catastrophic health cost credit,” a permanent federal reinsurance pool for high-cost claims, modernizing premium tax credits or transforming health savings accounts.
- **Modify requirements for high-deductible health plans.** Reduce patients’ financial barriers to care by means-testing enrollment in high-deductible health plans to ensure that high copays and deductibles do not deter accessing care.
- **Engage individuals in their health and health care.** Support the use of “wearables,” EHR-integrated engagement platforms, AI chatbots, analytics and other new technologies to engage patients through messages, adherence prompts and lifestyle tips at the right time and via the right medium based on patient condition and risk; create incentives for individuals to maintain good health.





## STRATEGY 2

# Transform Care Delivery

Transforming how care is delivered is essential to ensuring that America's health care system overall is high quality and affordable. There are too many inefficiencies in care delivery, such as fragmented coordination, duplicative or low-value services, and misaligned payment incentives that reward volume over value. To make care more affordable, hospitals, physicians and other providers must be empowered and incentivized to deliver the right care, at the right time and in the right setting.

### *Actions to improve affordability through value-based care transformation include:*

- **Enhance Accountable Care Organizations (ACOs).** Strengthen ACO programs by fixing benchmark and risk-adjustment methodologies; modify shared savings levels to better support providers and patients; consider auto-enrolling high-need, high-cost populations into ACOs; and accelerate transitions to value-based care.
- **Reform the Medical Liability System.** Reform malpractice laws and implement tort reform, especially to protect providers who adhere to evidence-based medicine.
- **Decrease Variation in Care.** Standardize guidelines used in clinical decision support tools and purchasers' prior authorization and coverage rules; and minimize utilization of low- or no-value services, procedures, drugs and devices.
- **Remove Legal Barriers to Collaboration.** Eliminate barriers that prevent doctors, hospitals and others from working together in integrated teams and clinical networks by modernizing outdated Stark and antikickback laws.
- **Better Manage Advanced Illness.** Increase access to palliative care services and adopt end-of-life conversations as a part of routine care.



## STRATEGY 3

### Reduce Administrative Waste in the System

The modern U.S. health care system operates with extensive compliance, reporting and documentation requirements, many of which have been introduced in the past 20-30 years. While some administrative systems and costs are necessary, there is a substantial opportunity to streamline these through standardization, as well as targeted elimination of low-value third-party vendors. For example, while there is great utility in electronic health records, quality reporting metrics and cybersecurity tools, there also are substantial costs, including due to redundancies that could be eliminated. Also costly are the contracting and revenue cycle infrastructure needed to manage increasingly complex coverage, billing and prior authorization processes; as well as the advanced analytics, reporting and clinical integration across independent providers needed to implement value-based purchasing arrangements. The cost for this administrative staff and technology is now estimated at 25%-35% of all health care spending.

#### *Actions to reduce administrative costs to improve affordability include:*

- **Reduce regulatory friction.** Remove burden by minimizing unnecessary, outdated and redundant regulations, such as duplicative surveys and documentation requirements.
- **Standardize insurance information and claims adjudication.** Standardize the processes for plans and providers to request and transmit clinical information needed to adjudicate claims, improve prior authorization and complete other revenue cycle processes to eliminate duplication due to insurer variation.
- **Shift patient cost-sharing collection to health plans.** Shifting the collection of patient cost sharing to insurers would relieve hospitals of unnecessary administrative burden, protect the patient provider relationship and hold plans accountable for the costs they set.
- **Eliminate fraud and abuse.** Identify and eliminate instances of fraud and abuse, including sham providers, medical identity theft, false claims for services or equipment never delivered, misleading marketing tactics and other predatory behaviors.
- **Streamline physician licensing and credentialing.** Require insurers to automatically credential hospital medical staff to reduce the redundancy clinicians experience when complying with each insurer's unique credentialing program. Standardize core licensure requirements across states, including background checks, continuing medical education and disciplinary reporting.



## STRATEGY 4

### Lower Drug and Device Costs

Hospitals and health systems are working to make prescription drugs more affordable by carefully managing formularies, using biosimilars and generics where appropriate, and leveraging programs like the 340B Drug Pricing Program to stretch scarce resources for vulnerable patients. They are partnering with clinicians and pharmacists to prevent medication waste and support safe, appropriate prescribing. Notably, it was hospitals and health systems that came together to create CivicaRx to create a more sustainable and affordable supply chain for critical medicines.

#### *Actions to reduce drug and device costs include:*

- **Increase access to more cost-efficient generic drugs.** Facilitate the production of more generic options by aggressively preventing patent manipulation and other tactics brand manufacturers use to delay generic competition.
- **Mitigate patient-driven demand for specific high-cost therapies.** Curtail direct-to-consumer advertising of drugs by encouraging the Food and Drug Administration to use its existing review authority, as well as expand its review to other platforms (i.e., telehealth), and by removing manufacturers' tax deductions for advertising expenses.
- **Incentivize patients to use more cost-effective drugs.** Vary patient cost-sharing for certain drugs based on value to incentivize patients and their providers to select the most clinically and cost-effective drug regimen available ("high value" drug).
- **Pay for value.** Adopt value-based reimbursement policies for drug therapies, such as varying reimbursement based on drug performance, as well as the comparative value of the drug for a particular use. In addition, require manufacturers to pay rebates when their drugs do not work as advertised.



## STRATEGY 5

### Innovate to Improve Care Outcomes

Every day, we further expand our knowledge of the human body, the factors contributing to health and well-being, and better ways to prevent and cure disease. Hospitals and health systems have always been at the forefront of medical science, often leading in the development of new drugs, devices, digital tools and care delivery models that make care safer, more efficient and more effective. These innovations reduce spending by preventing illness and injury, shortening hospital stays and enabling more care to be safely delivered in lower-cost settings. Sustained progress, however, requires active partnership with the government and other stakeholders to accelerate medical advancement and the affordability of care.

#### *Actions to innovate to improve affordability include:*

- **Expand access to predictive analytics and early detection tools.** Accelerate prevention and early intervention through broader use of predictive analytics, advanced screening technologies and early detection models — such as AI assisted imaging and genomic testing — to identify disease before it becomes complex and costly.
- **Use data driven tools to prevent avoidable harm and utilization.** Deploy digital tools and predictive alerts to reduce preventable readmissions, infections and complications, such as sepsis, thereby improving outcomes and lowering total costs of care.
- **Improve access to health information technology.** Strengthen the digital and data infrastructure by investing in broadband connectivity, interoperable electronic health records and cybersecurity, particularly for rural and underserved areas.
- **Advance technology-enabled care models.** Redesign regulatory and payment structures to support proven models such as hospital-at-home, remote patient monitoring and advanced telehealth, allowing care to be delivered in the safest, most cost effective setting.
- **Align payment with proven digital innovations.** Ensure adequate and sustainable reimbursement for technology based interventions that demonstrate clear clinical benefit and reductions in avoidable utilization.

