Senator Ron Wyden (D-OR) gives a speech on health IT at BPC.
Based on media coverage, one might think 2013 saw little progress in health care. There were partisan battles over the Affordable Care Act and fundamental divides on taxes and entitlements that precluded debate over the future of Medicare and Medicaid. But there were some bright spots. For the fourth year, the growth rate of health spending slowed. Three congressional committees reported legislation to reform physicians’ payments under Medicare to reward quality over volume. And the private sector drove improvements in wellness, quality, and cost with new delivery and payment models, an emphasis on prevention and lifestyle, and advances in information technology (IT). In 2013, BPC’s Health Program tackled delivery system reforms to reduce costs and improve quality; prevention and health-promotion, especially through nutrition and physical activity; and innovation and IT to enhance health and health care.

HEALTH PROJECT
The Health Project conducted research and released policy recommendations to advance health care quality, lower costs, and improve coverage—which meant addressing the needs and challenges of both the government and the private sector. The Health Project addressed alternative payment and delivery systems designed to expand coverage and to improve the quality of care delivered at less cost. The project’s initiatives focused on critical reforms to the current fee-for-service payment system, financing of federal-state Medicaid programs, shortages of health care professional workforce issues, and long-term health and social services for the vulnerable elderly.

HEALTH INNOVATION INITIATIVE
Continuing concerns about the health of individuals and the cost, quality, and patient experience of care have led public- and private-sector leaders to explore innovative ways to address the nation’s most pressing health care challenges. In 2013, the Health Innovation Initiative engaged leaders from every sector of health care to assess barriers to innovation and to drive improvements in health and health care. The initiative tackled four key issues: employer-driven strategies that promote better health and health care, development of a new regulatory framework for health technology, personalized and genomic medicine, and the use of health IT and “big data” to support transformation in health care.

NUTRITION AND PHYSICAL ACTIVITY INITIATIVE
Obesity has become an American epidemic—affecting everyone from children to soldiers. The Nutrition and Physical Activity Initiative partnered with leaders in the public and private sectors on efforts to reduce obesity, chronic disease, and their associated health care costs. The initiative focused on developing healthy institutions, including at the Department of Defense; improving nutrition and physical activity training for health care professionals; aligning federal agriculture policy and nutrition programs with Dietary Guidelines for Americans; and demonstrating the value of prevention and health promotion.
HEALTH PROJECT
HIGHLIGHTS

Better Care, Lower Costs
Rapid changes in medical science have brought benefits to millions of Americans. These changes have also come with costs, particularly where fragmentation and a lack of coordination of care results in inefficiencies that translate into increased medical expenses. The U.S. health care system is performing well below its potential. This failure is a threat to the nation’s health, economic viability, and ability to compete in the global marketplace. Addressing health care costs is vital to any long-term deficit reduction strategy and to increased productivity of the private sector. That’s why the Health Project launched its Health Care Cost Containment Initiative.

In the current political environment, many believed bipartisan agreement on any health issue was impossible. So initiative leaders agreed to disagree on issues that were political non-starters, such as restructuring major components of the Affordable Care Act. The leaders also recognized that credible cost estimates of policies were necessary to make their recommendations stand out.

The result was A Bipartisan Rx for Patient-Centered Care and System-wide Cost Containment, a comprehensive package of reforms designed to lower health care costs and improve quality in the health care delivery system. The report, which included an improved Medicare program

“A strong health care system, a stable federal budget, and a productive economy are complimentary, not competing, priorities.”
—Former Senators Tom Daschle, Pete Domenici, Bill Frist, and former Director of the Office of Management and Budget Dr. Alice Rivlin in The New England Journal of Medicine

U.S. health care costs:
$2.8 trillion annually
18% of GDP (and rising)
and proposed reforms to the tax treatment of employer-provided health benefits, was estimated to slow federal health expenditures and achieve approximately $560 billion in federal deficit reduction over the next ten years. The analytics behind the estimates were developed using the last three years of actual Medicare claims and tax filing data. Authored by initiative Co-Chairs Tom Daschle, Bill Frist, Pete Domenici, and Alice Rivlin, the report contains more than 50 recommendations to improve health care affordability for all Americans.

“Until better care is prioritized over more care, our nation will continue to face a problem with health-care costs,” wrote the co-chairs in an op-ed in *The Washington Post*. “All of these policies are designed to improve the quality and value of our nation’s health care.”

“It’s a plan that goes beyond ideology and buzzwords. It provides a road map for Medicare to replace its current approach ... with one that provides incentives to professionals to keep their patients healthy.”

—*The Washington Post*

“Too often we in Washington talk about health care as though it is little more than a line item on a budget table. Those of us who have experienced the best of health care know that is not how care should be delivered or policy crafted in this most personal of issues.”

—Former Senators Tom Daschle, Pete Domenici, and Bill Frist along with former Director of the Office of Management and Budget Dr. Alice Rivlin in *The Washington Post*
BPC’s Health Care Cost Containment Initiative developed the reforms necessary for long-term, affordable care. Below are graphics explaining the current health care landscape and the initiative’s proposed reforms.

### BPC’s Approach: Key Elements of Three Medicare Options

Leaders of the Health and Economic Policy Projects envision a Medicare program that would offer three options to Medicare beneficiaries, including an enhanced version of Accountable Care Organizations (ACOs), called “Medicare Networks.”

<table>
<thead>
<tr>
<th>TRADITIONAL MEDICARE</th>
<th>MEDICARE ADVANTAGE</th>
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<tbody>
<tr>
<td>Fee-For-Service</td>
<td>Medicare Networks</td>
</tr>
<tr>
<td>Guaranteed and strengthened benefit</td>
<td>Guaranteed and strengthened benefit</td>
</tr>
<tr>
<td>Constrained updates for providers</td>
<td>Provider-led</td>
</tr>
<tr>
<td>Better care coordination</td>
<td>Other Providers account for cost and quality</td>
</tr>
<tr>
<td>Savings shared with beneficiaries, providers, and taxpayers</td>
<td>Savings for taxpayers and beneficiaries</td>
</tr>
</tbody>
</table>

**Beneficiaries:** Each year, beneficiaries may select one of three Medicare options with a strengthened benefit and increased low-income assistance.

**Providers:** Could participate with any or all Medicare options.

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**An Illustrative Example of a Medicare Network**

<table>
<thead>
<tr>
<th>Enrolled Medicare Beneficiaries</th>
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</thead>
<tbody>
<tr>
<td>Medicare Program</td>
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</table>

Providers agree to form a Medicare Network

- **Practitioners:** Physicians: small practices and large multispecialty groups, Non-physician providers
- **Hospitals:** Integrated systems, Academic medical centers, Other hospitals
- **Other Providers:** Such as home health and nursing facilities, pharmacies, and labs

While working together to deliver care, the Medicare Network could contract with...

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From BPC’s A Bipartisan Rx for Patient-Centered Care and System-Wide Cost Containment.
Health Care Costs are the Primary Driver of the Debt

Coming Up in 2014

Issue Brief on Long-Term Care. The Health Project will release a policy brief that provides background information on long-term care, with a focus on financing.

Long-Term Care Recommendations. Former Senators Daschle and Frist along with Dr. Rivlin, and former Governor Thompson will develop policy recommendations for the improvement of the financing and delivery of long-term services and supports. The September 2013 congressionally appointed Commission on Long Term Care was unable to reach recommendations on financing of long-term care. The goal of the health project will be to find consensus on recommendations for the best path forward in long-term care policy.

Source: Congressional Budget Office’s Alternative Fiscal Scenario (February 2013), additionally assuming that combat troops overseas decline to 45,000 by 2015 and that Hurricane Sandy funding is not allocated in future years; Bipartisan Policy Center extrapolations. From BPC’s A Bipartisan Rx for Patient-Centered Care and System-Wide Cost Containment.

BPCAN Impact

May 21, 2013
Health Care Cost Containment Initiative Co-Chair Dr. Alice Rivlin testified before the House Committee on Ways and Means, Subcommittee on Health, on Medicare cost sharing and strategies to reduce health care spending over time.

May 31, 2013
Health Care Project Director Katherine Hayes and BPC Senior Vice President Bill Hoagland submitted a letter to Senate Finance Committee Chairman and Ranking Member Max Baucus (D-MT) and Orrin Hatch (R-UT), respectively, on the Medicare physician “Sustainable Growth Rate” (SGR) payment system.

June 27, 2013
BPC Senior Vice President Bill Hoagland testified before the federal Commission on Long-term Care on the federal budget environment for long-term care.

October 10, 2013
BPC Senior Vice President Bill Hoagland, along with other prominent health care scholars, submitted a letter to the Senate Finance Committee and House Ways and Means Committee urging Congress to take up Medicare payment reforms.

October 31, 2013
Health Project Director Katherine Hayes published a statement, along with other prominent health care thought leaders, applauding bipartisan collaboration and steps in the right direction to improve health care quality and reduce costs in the Senate Finance and House Ways and Means Medicare SGR legislation.
Leadership

1. Tom Daschle
   Former Senate Majority Leader and
   BPC Co-Founder

2. Bill Frist
   Former Senate Majority Leader and
   BPC Senior Fellow

3. Janet M. Marchibroda
   Director of Health Innovation

HEALTH INNOVATION INITIATIVE
HIGHLIGHTS

Employers Share Strategies to Improve Health Care
In July 2013, the Health Innovation Initiative launched the CEO Council on Health and Innovation comprised of the chief executives of some of the nation’s largest employers. The goal of the CEO Council is to identify and promote the widespread adoption of employer-driven innovative strategies to improve the health and wellness of individuals as well as the cost, quality, and patient experience of care. CEO Council members are highlighting innovative best practices and strategies to improve the health, wellness, and management of chronic conditions of individuals, and will issue a call to action to other large and medium-sized employers to advance similar innovative strategies. A Health Care Advisory Board—made up of chief executives of organizations representing clinicians, consumers, and hospitals—is providing guidance to this effort.

CEO Council Members
Muhtar Kent (Co-Chair)
Chairman and CEO, The Coca-Cola Company

Lowell C. McAdam (Co-Chair)
Chairman and CEO, Verizon Communications

Patrick Soon-Shiong, MD (Co-Chair)
Chairman and CEO, Institute for Advanced Health

Dominic Barton
Managing Director, McKinsey & Company

Mark T. Bertolini
Chairman, CEO, and President, Aetna

Brian T. Moynihan
CEO, Bank of America Corporation

Scott P. Serota
President and CEO, Blue Cross and Blue Shield Association

Gregory D. Wasson
President and CEO, Walgreen Co.

“
If we can develop and implement best-in-class policies and practices, we can lead the world in health care outcomes.”
—Verizon Chairman and CEO Lowell C. McAdam

Bipartisan Policy Center and Business and Health Leaders Launch CEO Council on Health and Innovation
—The Wall Street Journal

Bipartisan Policy Center: Annual Report 2013
Protecting Patient Safety While Promoting Innovation

The Health Innovation Initiative convened more than 100 experts, clinicians, consumers, employers, hospitals, patient safety organizations, and technology companies to develop a set of principles and recommendations for a new oversight framework for health IT. These recommendations, designed to inform policies now being developed in response to the Food and Drug Administration Safety and Innovation Act of 2012, not only protect patient safety, but also promote innovation to meet the needs of a rapidly evolving health care system and technology landscape.

Released in February 2013, the initiative’s report, *An Oversight Framework for Assuring Patient Safety in Health Information Technology*, is informing the public policy now being developed by the administration and Congress.

“If we are to significantly improve the quality, safety and cost-effectiveness of health care in our nation, we must employ the power of health information technology.”

—Former Senate Majority Leaders Tom Daschle and Bill Frist in *The Hill*
Big Data, Big Implications

Big data and information technology are set to both transform health care and improve the health of individuals. The Health Innovation Initiative convened more than 35 public- and private-sector health care leaders to discuss the promise and challenges associated with big data. Key insights from this forum, hosted in collaboration with Intel Corporation, were captured in the report *A Policy Forum on the Use of Big Data in Health Care*. The Health Innovation Initiative challenged the scientific community to tackle the most difficult questions facing health care organizations as they implement new delivery system and payment reforms; hosted leaders from the administration and the private sector to discuss policies and strategies that improve linking patient data across systems for safer, higher-quality care; and engaged health care leaders on the benefits, barriers, and policy actions needed to support widespread adoption of “connected health” or online care.

“We must prioritize electronic health information-sharing moving forward, in terms of both the allocation of resources and the focus of federal agencies and the health care industry.”

—BPC Health Innovation Initiative Director Janet Marchibroda in testimony to the Senate Finance Committee
A Personalized Approach to Health and Health Care

Personalized and genomic medicine hold great promise for improving patient care, preventing disease, and reducing the cost of care. Significant advancements are enabling clinicians to tailor medical treatments and preventive strategies to the individual characteristics of each patient. Rapid advancements in technology are helping to bring personalized medicine within reach, but several barriers stand in the way of widespread adoption. The Health Innovation Initiative brought together a panel of experts and leaders who are implementing personalized medicine to explore its promise, its information needs, barriers to adoption, and policies needed to address those barriers. A policy brief on personalized and genomic medicine, based on the initiative’s research and input from experts, will be released in 2014.

We have got to think of health in a disruptive way—the transformation will come from the exploding, but still very young, field of personalized medicine.”

—Former Senate Majority Leader Bill Frist

BPCAN Impact

July 24, 2013

Health Innovation Initiative Director Janet Marchibroda testified before the Senate Finance Committee on using health information technology to improve care.

Coming Up in 2014

The CEO Council on Health and Innovation. The council will release a report on employer-driven, innovative strategies for improving the health of individuals and the quality, cost, and patient experience of care; it will also call for widespread adoption of such strategies among other large- and mid-sized private-sector employers.

Electronic Information-Sharing. The Health Innovation Initiative will forge an agreement among health care leaders on a set of actions for increasing the level of interoperability and electronic information-sharing to promote improvements in health and health care.

Personalized Medicine. The initiative will also develop and widely disseminate policy recommendations on personalized medicine, proposing a new regulatory framework for health IT, and advancing the effective use of big data in health care.
Leadership

1. Dan Glickman
   Former Secretary of Agriculture and BPC Senior Fellow
2. Mike Leavitt
   Former Governor of Utah and Secretary of Health and Human Services
3. Donna E. Shalala
   Former Secretary of Health and Human Services
4. Ann M. Veneman
   Former Secretary of Agriculture and former Executive Director of UNICEF
5. Lisel Loy
   Director of Nutrition and Physical Activity Initiative

NUTRITION AND PHYSICAL ACTIVITY INITIATIVE

HIGHLIGHTS

Healthy Living for Robust National Security

Two-thirds of American adults are overweight or obese. This not only affects health care costs; it also affects national security: 27 percent of 17- to 24-year-olds cannot join the military because they are too overweight, and others are forced to leave the military because they cannot pass required fitness tests. The cost implications are significant: the Department of Defense's health spending has reached $50 billion annually—nearly 10 percent of its overall budget. The Nutrition and Physical Activity Initiative is working with the Defense Department’s Healthy Base Initiative to encourage healthy eating and active living among service members and their families. BPC’s team advises the initiative with a goal of making healthy choices easy choices. Successes from the Defense Department pilot could be scaled up to other parts of the military—as well as to other large U.S. institutions.

Med School: Ground Zero for Wellness

Currently, 50 percent of Americans live with chronic illness, and poor diet and physical inactivity are key risk factors for many. Health care professionals are uniquely positioned to change this trend through patient education, but unfortunately those professionals often lack the training or incentives. In order to shift focus from curative to preventive care, the medical school curriculum must include nutrition and physical activity education. So, BPC’s Nutrition and Physical Activity Initiative, the Alliance for a Healthier Generation, and the American College of Sports Medicine explored innovative approaches taken by medical schools around
the country to increase nutrition and physical activity training. Together, they hosted an event, “Teaching Nutrition and Physical Activity in Medical School: Training Doctors for Prevention-Oriented Care” that highlighted perspectives from doctors, academics, insurance companies, students, credentialing agencies, and experts. “It is essential that doctors and other health professionals learn more than they currently do about the role of nutrition and physical activity in the health of their patients,” said Donna Shalala, former secretary of U.S. Health and Human Services, and BPC Nutrition and Physical Activity Initiative co-chair.

**Farm Policy and Nutrition Go Together**

Federal agriculture policy and nutrition programs play a key role in what food Americans grow, sell, and consume. The Nutrition and Physical Activity Initiative raises awareness about the links among food and farm policy, population health, and rising health care costs to ensure a healthy farm sector and a healthy population. In June, the initiative hosted a Bridge-Builder Breakfast that brought together former Secretaries of Agriculture Dan Glickman and Ann M. Veneman, former Deputy Secretary of Agriculture Kathleen Merrigan, former Representative Charles Stenholm, Jillian Fry from Johns Hopkins University, and Kate Houston from Cargill, among others. This public forum highlighted the need for integration among food and farm policy, nutrition, and health care. The initiative is committed to ensuring that federal agriculture and food policies reflect the nutrition recommendations of the *Dietary Guidelines for Americans.*

The initiative was asked to provide expert commentary to the Trust for America’s Health annual “F as in Fat” report.
As former Agriculture secretaries, we believe we need to focus on the opportunities for our federal agriculture policy to support better health and lower health care costs.

—Former Secretaries of Agriculture Dan Glickman and Ann Veneman in The Hill

Bipartisan Policy Center: Annual Report 2013
“Changes to U.S. food and farm policy alone cannot solve America’s obesity crisis. But ... the nation cannot afford to forgo any opportunity to address it. The current debate over the farm bill is one of those opportunities: a critical moment when we can ensure that improvements to our nation’s physical and fiscal health go hand in hand with meaningful reform in food and farm policy.”

—Former Secretaries of Agriculture Dan Glickman and Ann Veneman in Health Affairs