

The Path Forward: A Modern, High-Performing, Simpler Health Care System

The United States health care system is profoundly local, with considerable variation in performance from market to market. **Expanding access to coverage, lowering health care costs, and providing quality outcomes will lead to an improved consumer experience.** Achieving the triple aim in health care will require the preservation of the stability, choice, and access to existing, successful coverage platforms, and the modernization of existing – and creation of new – public-private coverage programs.

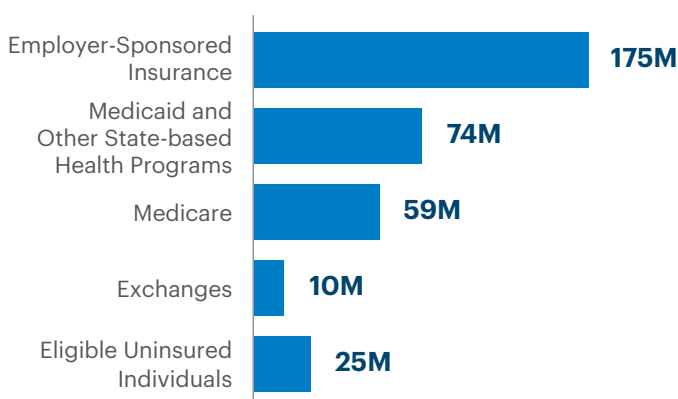
While more than 90 percent of Americans have access to stable health care coverage through Employer-Sponsored Insurance, Medicare, and Medicaid, 25 million eligible individuals remain uninsured. For nearly twenty years, UnitedHealth Group has publicly advocated for policies to achieve universal coverage, and today, existing platforms can provide coverage to the vast majority of the 25 million uninsured. States are best positioned to achieve the important goals of expanding and enhancing the quality of coverage and care. Establishing the State as the benefits/coverage owner will require increased flexibility, new, modern capabilities and approaches, and adequate funding.

The cost of health care in the United States continues to rise, with health care spending now expected to exceed \$3.7 trillion in 2018. Importantly, per capita spending is at its highest level in history, exceeding an average of \$11,000. Health care costs for families have doubled over the last decade, prescription drugs account for nearly 17 percent of health care spending, and unnecessary taxes and fees on health insurance are adding more than \$16 billion to the cost of health care for over 140 million Americans. The lack of affordable health care for millions of Americans results in meaningful gaps in care, fragmented care, and misaligned incentives.

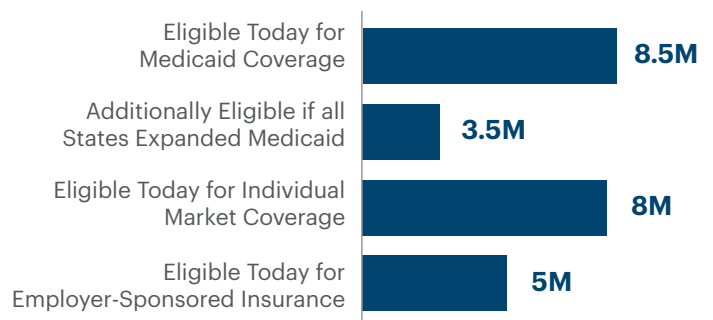
Despite the United States investing nearly one-fifth of the economy in health care, the system does not promote effective use of health care resources and fails to advance meaningful health outcomes. A connected, informed, and effective system relies on data, actionable insights, care coordination, and value to enable innovation and advance high-quality care. Investments in modern health care infrastructure, the utilization of data and information, and proven technology solutions are necessary to empower consumers and care providers, reduce costs, contribute to better health outcomes, and improve the consumer experience.

As a diverse health and well-being company – committed to helping people live healthier lives and helping make the health system work better for everyone – UnitedHealth Group’s solutions are rooted in our core competencies in data and information, advanced technology, and clinical insights. The following solutions build on the successes of today’s health care system while leveraging innovative, proven, private-sector approaches and public-private partnerships to achieve **a modern, high-performing, simpler health care system** for all Americans.

Health Care Coverage in the United States



Profile of the 25 Million Eligible Uninsured Individuals



Expanding Access to Achieve Universal Coverage

Any health care reform efforts seeking to expand access to health care should protect and preserve the stability and choice of existing, successful coverage platforms – leveraging what is working today – to cover the 25 million eligible individuals who remain uninsured, and to improve and expand coverage for the underinsured. Additionally, reform efforts should be staged, allowing for appropriate and rational implementation timelines, ensuring stability for the system and avoiding disruption to consumers. Employer-Sponsored Insurance, Medicaid, and Medicare Advantage are providing cost-effective, consumer-responsive, innovative health care benefits, with proven results and high member satisfaction. Today:

- ▶ **Employer-Sponsored Insurance** effectively covers 175 million Americans;
- ▶ **Medicaid** and related State-based health programs cover 74 million Americans, an increase of 16 million people since 2013, with costs that are 43 percent less than Exchange coverage; and
- ▶ **Medicare Advantage** has grown by 8 – 10 percent annually over the past decade, and currently serves over 21 million seniors and individuals with disabilities with a satisfaction rate of 90 percent.

Solutions to advance the important goals of expanding and enhancing the quality of health care to achieve affordable, universal coverage include:

- ▶ **Protecting and growing Employer-Sponsored Insurance** by supporting the current tax treatment to maintain the employer incentive to offer health benefits to employees.
- ▶ **Returning oversight of the Individual Market to the States** to allow for a coherently organized portfolio of State-based public and private coverage platforms.
- ▶ **Establishing Complex Coverage Pools** – administered by State-enabled public-private partnerships – reducing Individual Market premiums by 27 percent and redeploying the Federal Government’s \$17 billion share of these savings to provide better care for approximately one million individuals with clinically complex conditions.
- ▶ **Allowing insurers to offer a broader array of innovative, flexible, affordable Private Individual Market products** that maintain consumer protections and better fit the unique needs of people.
- ▶ **Expanding Medicaid** in all remaining States to cover 3.5 million individuals, **providing adequate funding** to ensure stability for beneficiaries, and auto-enrolling eligible beneficiaries.
- ▶ **Providing Medicaid Managed Care Plans with broader flexibilities**, including the ability to:
 - Design localized, flexible health benefits to encourage appropriate use and place of services.
 - Develop performance-based networks to improve quality and reduce the use of unnecessary services.
 - Align provider payment rates to reward quality outcomes and efficient health care resource use.
 - Promote fully integrated medical and social services care models.
- ▶ **Transitioning beneficiaries who are dually eligible for Medicare and Medicaid to Managed Care**, including Long-Term Services and Supports, saving the Federal Government up to \$100 billion over ten years.
- ▶ **Building on the strength and success of Medicare Advantage** through increased flexibility for Medicare Advantage and Part D beneficiaries to receive incentives for healthy behaviors.
 - Ensure a stable and adequate Medicare Advantage payment environment to maximize value for beneficiaries.
 - Allow Medicare Advantage plans to provide customized benefits, including supplemental benefits and beneficiary incentive programs, to eliminate barriers to care and address social determinants of health.
 - Remove regulatory obstacles to reducing Part B and Part D prescription drug costs.
 - Focus the Medicare Advantage Star Ratings Quality Measurement System on actionable, outcomes-based quality measurement.
- ▶ **Implementing appropriate cost containment mechanisms for pharmaceuticals** and biologics when no treatment alternatives exist.

Improving Affordability and Lowering Health Care Costs

The rising prices of prescription drugs, over-reliance on costly health care settings, such as hospitals and emergency departments, and the increasingly negative impact of health care taxes and fees contribute to the escalating and unsustainable cost of health care. Meaningful opportunities to address these affordability challenges include:

- ▶ **Advancing care effectiveness**, through primary care-led, integrated delivery approaches and innovative payment models;
- ▶ **Shifting utilization away from costly sites of care** and unnecessary and unproven therapies in health care services;
- ▶ **Expanding coverage options for consumers**, resulting in lower-cost alternatives; and
- ▶ **Leveraging proven pharmacy management tools.**

Solutions to encourage the rapid deployment of private-sector best practices, tools, and proven capabilities that will lower health care prices and reduce health care costs include:

- ▶ **Supporting providers and accelerating care delivery best practices** that reduce the total cost of care by integrating and promoting value-based care models and focusing on high-value sites of care.
 - **Accelerate value-based care** by promoting aligned, performance-based networks led by qualified primary care physicians.
 - **Support care providers capable of taking risk by enabling alternative payment models** and outcomes-based quality measurement systems.
 - **Enable broader use of bundled payments** to drive down the costs of services and improve the quality of care.
 - **Authorize Medicare payment for services at high-value sites of care**, such as Ambulatory Surgical Centers, in-home infusions, and in-home dialysis, saving the Federal Government at least \$25 billion over the next decade.
 - **Eliminate Anti-Kickback Statute barriers** to incentivize beneficiaries and providers to use clinically appropriate, high-quality, lower-cost health care providers.
 - **Increase health care workforce capacity** by eliminating outdated scope-of-practice barriers and providing funding to support the development of a broader, more capable, and diverse health care workforce.
- ▶ **Empowering consumers and their doctors**, providing greater control and responsibility for health care decision-making and incentivizing the use of high-value health care services.
 - **Implement proven, intelligent information and engagement tools** through deployment of personalized medical records and next-best action recommendations.
 - **Allow financial incentives** that engage consumers in healthy behaviors, particularly in programs that target chronic disease and prevention.
 - **Set limits on provider reimbursement** to a rate reasonably indexed to Medicare or the median contracted rate in a geography for out-of-network providers practicing at in-network facilities.
 - **Prohibit balance billing** by out-of-network providers when consumers receive health care at in-network facilities.
 - **Expand access to – and adoption of – Health Savings Accounts (HSAs)** by permitting their use with any type of plan and allowing individuals and employers to fund HSAs up to the plan's maximum out-of-pocket limit.
 - **Allow individuals to use HSAs to pay for a broader range of health services**, including premiums, health coaching, weight loss, and other physical and mental health programs.
- ▶ **Addressing high-priced drugs**, which pharmaceutical manufacturers alone set and often arbitrarily increase.
 - **Implement value-based pricing for drugs and devices** – at the time of launch and over a defined multi-year period – based on quality, direct medical cost offsets, and affordability relative to existing products.
 - **Utilize Pharmacy Benefit Managers** more widely in government-sponsored health programs, saving States more than \$100 billion over the next decade.
 - **Optimize consumer access to specialty pharmacy tools** that lower the costs of specialty drugs.
 - **Expand the scope and use of bundled payments** to include the costs of all drugs, devices, and sites of care involved in a medical event.
 - **Incentivize the use of digital health tools** to provide consumers and providers with actionable information about drug costs at the point of prescribing.
- ▶ **Repealing the Health Insurance Tax** – and other Affordable Care Act taxes – that threaten further premium increases and benefit reductions.
- ▶ **Reducing or eliminating burdensome State Health Care Taxes** – such as Provider taxes and Reinsurance Program taxes – that increase the cost of health care.

Advancing Quality Outcomes in Health Care

Despite the United States spending over \$3 trillion on health care each year, chronic conditions still account for approximately 86 percent of the Nation's annual health care expenditures. Health care is fragmented, many payment models do not prioritize and incentivize value, quality, and health outcomes, and health information is not utilized to its full potential. Efforts to improve health care quality and outcomes should focus on:

- ▶ **Utilizing real-time information and intelligence** to deliver **next-best, evidence-based actions** for providers and consumers;
- ▶ **Implementing a physician-designation program** based on quality and resource consumption; and
- ▶ **Harnessing advanced technology and digital health solutions** to maximize the promise of information and technology in health care.

Solutions to advance a quality agenda in health care, empower providers to better serve consumers, and improve outcomes for individuals include:

- ▶ **Creating a data-driven, intelligent, interoperable health care system** by converting big data to actionable information through advanced analytics, predictive modeling, and applied technology.
 - **Ensure privacy and security laws are updated** to maintain the safe and appropriate exclusive use of information to improve consumer health, health system effectiveness, and new discovery.
 - **Promote access to digitally enabled individual health records** to improve the consumer experience and engagement with the health care system.
 - **Incentivize the use of and support for transparency tools** that empower individuals with health care quality and cost data.
 - **Enforce meaningful penalties for data blocking** and **ensure regulations enable interoperability**, safeguarding against the misuse of data.
- ▶ **Modernizing Medicare Fee-for-Service (FFS)**, resulting in up to \$500 billion in savings opportunities for the Federal Government over the next ten years.
 - **Leverage private-sector best practices** in care coordination and data analytics, and utilize incentive programs to advance value-based care.
 - **Expand care coordination capabilities**, with particular emphasis on primary care, to close meaningful gaps in care, saving the Federal Government up to \$28 billion over ten years.
 - **Transition Medicare FFS payment to value-based payment** approaches, such as bundled payments, primary care models, and at-risk accountable care capabilities.
 - **Create and incentivize a network of high-performing providers** to improve quality and promote alternative payment models.
- ▶ **Maintaining a flexible regulatory approach to support advanced technologies in health care**, such as artificial intelligence, precision medicine, digital therapeutics, and blockchain.



ONLY 30%

of hospitals are able to integrate data from sources outside their health system



Modernizing Medicare FFS could save the Federal Government **\$500 BILLION** over the next 10 years



Digital health care solutions could save the U.S. **\$230 BILLION** over 5 years