



Kaiser Permanente Principles on Health Care Reform

Kaiser Permanente believes that universal access to high-quality, affordable health care coverage is imperative, and we are fully committed to working with policymakers to make that goal a reality. In order to make universal access sustainable, the focus of reform needs to go beyond increased access and financing to reform how care is delivered and paid for. In addition, health reform should address the social, cultural and physical environments that influence health by promoting public health programs, community health services, and workplace efforts to support healthier lifestyles.

Goals:

Kaiser Permanente believes that all Americans should have access to affordable, high quality health care coverage. Universal coverage will improve health outcomes, the efficiency of the system and reduce current health disparities. Coverage should be reasonably broad in scope so that individuals are able to obtain the care they need and are encouraged to use health services that can prevent disease and help to manage their chronic conditions. The burden of financing coverage must be as broad based as possible.

To keep coverage affordable and sustain a system to subsidize care for lower-income individuals, we must change the way health care is both delivered and paid for. Financial incentives must be realigned for plans to compete on quality and efficiency; for providers to be rewarded for quality and keeping their patients healthy, rather than for the volume of services delivered; and for individuals to be encouraged to seek high-quality, efficient care and to be more actively involved in maintaining their own health.

Americans should have a choice of health care providers, plans and accountable delivery systems. Reimbursement should be robust enough to ensure stability in health care systems and to attract and retain high quality health care providers. In particular, reimbursement to providers who participate in public programs should be improved to facilitate equity in access and health outcomes for the individuals they serve. Incentives should also be realigned to accelerate workforce goals of promoting primary care and increasing the use of team-based care.

Provider payment reform should reward systems of care that achieve better results through greater coordination and collaboration of care across providers. It should promote improved management of chronic conditions and reward prevention and early detection. A properly reformed health care delivery system will assure that patients

receive the right care at the right time in the right amount, particularly through the use of decision support tools, such as connected electronic health records.

Insurance Coverage, Financing and Market Reform Principles

All Americans should have access to secure, affordable health care coverage. Universal coverage will improve health outcomes and the efficiency of the system and reduce current health disparities. Coverage should be reasonably broad in scope so that individuals are able to obtain the care they need and are encouraged to use health services that can prevent disease and help to manage their chronic conditions. The burden of financing coverage should be as broad based as possible. Financing should also ensure that the system can support high quality care and providers.

To meet these ideals, a reformed system should:

- Provide all Americans with access to secure, affordable health care coverage with financial subsidies for those in need. Any proposal that provides guaranteed issue coverage for all should be accompanied by an individual requirement to obtain coverage. This will ensure that all individuals are covered and will allow a broad spreading of risk to provide the most affordable rates for individuals. Incremental approaches to coverage for targeted populations can be considered as long as they do not further segment risk and do provide meaningful coverage at a reasonable cost with appropriate provider reimbursement.
- Provide individuals with reasonably broad coverage meeting a national minimum standard of medically necessary, evidence-based services that encourage use of preventive services, provide protection against the cost of catastrophic illness, and empower individuals to better manage chronic conditions.
- Ensure that the sources of financing coverage are as equitable and broad-based as possible to promote affordability. Requirements for public financing should be credible and sustainable over the long term.
- Ensure payments to providers that are prospective, stable, predictable, and designed to attract and retain high quality providers. In particular, reimbursement to providers who participate in public programs should be improved to facilitate equity in access and health outcomes for the individuals they serve.

Health reform also requires changes in today's insurance market so that all individuals have access to care regardless of their health conditions and continue to have a choice of providers, plans and accountable delivery systems. These changes must be structured in a way that will not significantly impair the market from providing affordable care and will necessitate participation by all individuals. A reformed system should also establish an entity to assist consumers in determining their best health care choices. Government

should develop and enforce standards on plans and delivery systems that will promote fair competition. These changes should be driven by the following principles:

- Health reform should make provisions for the gradual elimination of medical underwriting, health status rate bands, and pre-existing condition limitations. Such reforms must be accompanied by an individual mandate for purchase of coverage so that costs are kept affordable for everyone in the health care system. Risk adjustment should be a part of any pooling structure to ensure that payment adequately reflects the risk of the members enrolled and to encourage competition based on price and quality, not risk avoidance.
- Individuals should have a choice of health care providers, plans, and accountable delivery systems. Individual choices should be supported by a system that encourages competition based on quality, efficiency, better outcomes, and patient satisfaction and provides incentives to enroll in cost-effective plans and/or organized delivery systems. The system should also establish a mechanism to ensure that providers and plans are accountable to consumers and provide safeguards for consumers.
- Reform efforts should include provisions for an Exchange, purchasing pool or other sponsor that will work as agents for the consumer. These could be employers, government, or other private organizations established for this purpose. The Exchange should compete with the private market and promote choice of providers, plans and systems, but government should ensure that the Exchange and outside market are functioning under the same rules.
- Reform should include enforceable standards on plans and delivery systems that promote fair competition.

Care Delivery and Payment Reform Principles

A reformed health care system should promote affordability, access and financial sustainability. The system should encourage care delivery that is consistent with the Institute of Medicine's quality goals of safe, effective, patient-centered, timely, efficient and equitable care.

To meet these ideals, a reformed system should:

- Promote integration and accountable systems of care.
 - Payment incentives should be adopted immediately to improve coordination of care and collaboration among providers, and across settings to ensure proper care-coordination for the individual over time, particularly for patients suffering from chronic diseases.
 - As a part of comprehensive health reform, payments to providers and provider organizations should be differentiated on the basis of performance relative to the IOM's ideals.
- Encourage appropriate utilization of services while rewarding prevention, early detection, and improved chronic disease management.
- Reward the rapid and effective implementation of appropriate and coordinated clinical information technology.
- Require the application of evidence-based medicine, particularly through the use of decision support tools, such as connected electronic health records.
- Engage patients in pursuing healthy lifestyles and self-management of their medical conditions and reward systems that foster this approach.
- Reform of the care delivery system should include policies, structures and incentives that specifically target the following stakeholders for change:
 - For consumers
 - to seek preventive care and pursue healthy lifestyles
 - to engage in the management of their chronic conditions, and
 - to make informed and cost effective choices about their care
 - For health care providers:
 - to coordinate over time and across the spectrum of care, including interactions between primary care providers and specialists
 - to invest in infrastructure to promote continuous quality improvement
 - to manage chronic conditions and avoid unnecessary hospital stays, and the unnecessary use of drugs, procedures and diagnostics.
 - to act as responsible stewards of resources based on both individual's and population's health needs and preferences.

- For payers:
 - to promote greater integration and coordination of care delivery, case management and efficiency in health care delivery
 - to promote competition among, and consumer choice of organized, accountable providers on the basis of accessible, reliable, and accurate quality measures
 - to promote the adoption of connected electronic health records including population care capabilities and provider support systems
 - to allow patient access to their personal health record information.

Community and Public Health Principles

Health reform should promote strengthening social, cultural, and physical environment and factors that promote wellness and prevention. Reform efforts must also achieve a seamless integration of the efforts of public health, community health and health care systems, and a way of developing a common set of population health and safety goals.

To meet these ideals a reformed system should:

Promote wellness and prevention by addressing the social determinants of health and by strengthening of the social, cultural, and physical environments that influence behavior.

- The nation should establish a comprehensive strategy for prevention that: a) prioritizes prevention opportunities based on their potential to improve population health status and reduce healthcare costs; b) ensures adequate funding for those activities; c) promotes evidence-based practices for both clinical and community-based prevention, and; d) provides a role for private health plans and organized delivery systems that can demonstrate an ability to deliver effective community-based and clinical preventive services.
- Improving social equity and eliminating health disparities should be explicit goals of health reform.
- Community-based prevention and public health efforts, including community grants, should focus on the social determinants of health and the conditions in the social, physical and cultural environment that influence behavior; they should be informed by and contribute to the emerging evidence-base in this area.
- Governmental and non-governmental health organizations should be consulted and use their skills and resources to bring a health perspective to decisions made in other sectors that have important health implications (e.g., transportation, land use, community economic development, agriculture); federal agencies should promote health in all policies.
- Addressing the acute shortage of community health workers must be addressed as an urgent national priority. This workforce must be trained to develop, deploy and deliver community-based prevention strategies that have the attributes described above.
- Community-based prevention efforts must be culturally competent and tailored to the needs of individuals.
- In addition to national goal setting, public health goals and resource decisions must reflect local priorities, needs and solutions.

- Healthcare organizations can lead by example by adopting organizational practice changes that demonstrate a commitment to creating healthy food and physical activity environments and tobacco free campuses.

Ensure that funding for community-based prevention and public health more generally reflect the value of these strategies in alleviating disease burden and improving quality of life.

- Prevention spending as a share of total national healthcare expenditures should be commensurate with its potential to alleviate disease burden and improve quality of life. Investments in prevention research as a share of total federal health research spending should be increased similarly.
- Funding streams for community-based prevention and other public health efforts should be consistent over time, sustained and dedicated.
 - Federal funding streams for public health and prevention should be focused on the factors and conditions that contribute to health.
 - State and local entities should be able to consolidate funding streams in order to increase flexibility, innovation and impact on the factors and conditions that contribute to health.

Recognize and support the vital role of healthcare delivery systems in promoting community health, and facilitate maximal integration of public health and healthcare delivery systems.

- Public hospitals and community health centers, and other parts of the healthcare safety net, are critical to community health and must be sufficiently resourced and supported.
- Health reform must harness and integrate the unique capabilities and assets of delivery organizations to allow for the sharing of best practices across both insured and uninsured populations.
- Health information technology incorporating personal health record portability is essential to the coordination of services between the public health and healthcare delivery systems, and to the safe and efficient delivery of care. Health reform should support and facilitate the adoption of these systems.
- Essential clinical preventive services should be covered in all federally supported health plans including Medicare, Medicaid, CHIP, and any new government subsidized plans.