

## **Making Health Care Work: Incentivize Good Health and Coordinated Care**

According to the Arizona PIRG report, *Health Care in Crisis*, the total premium cost for employer-sponsored family health insurance could skyrocket to as high as \$24,691 for a family by 2016. The same incentives that drive up the cost of health care are also undermining the quality of care and the strong relationship most consumers want with their family doctor. Health reform must change the incentives in our health care system to deliver better value for consumers' health care dollar.

Under the prevalent payment system today, known as “fee-for-service,” public and private insurers pay health care providers and hospitals for each visit with a patient, each test ordered, and each procedure performed. Payment is based solely on the quantity and complexity of care that the patient receives, regardless of how effective that care actually is or how well it is delivered. As a result, today's health system:

- Fails to encourage coordination or teamwork amongst providers, hospitals and health care institutions;
- Favors more expensive specialty care, even when studies have shown that basic primary care can lead to better health outcomes; and
- Values costly procedures and tests over face-to-face consultation, even when consultation contributes more to better health.

Arizona PIRG's reform proposals would take this broken system and deliver real value to health care consumers. These measures include:

1. Replacing the Medicare hospital fee-for-service payment with a bundled payment system that pays hospitals a set amount for every admission for particular diagnoses.
2. Encouraging innovative, team-based health care coordination. Studies of new care models, including medical homes, community health teams, and accountable care organizations, have revealed that teamwork and integrated patient care can deliver better health outcomes at a lower price.
3. Implementing a 5% increase in Medicare's payment rate for primary care consultation and evaluation services, paid for by a 0.5% decrease in payment rates for specialists.

4. Investing in loan forgiveness and scholarship aid to increase the primary care workforce.