The State Health Care Cost Containment Commission
A Project of the University of Virginia Miller Center for Public Affairs

The Goal – The goal of the Commission is to develop a process and practical policies that states can adopt and implement to hold the growth rate of all health care spending in a state to a growth rate similar to that of the overall state economy, i.e., the Gross State Product.

The Problem – Health care costs in the United States continue to grow rapidly, consistently exceeding the growth rate of the U.S. economy and the economies of most states. In 2010, total spending reached $2.8 trillion, representing 17.9 percent of U.S. Gross Domestic Product and three times the total spent in 1990. While it is difficult for the average person to comprehend trillions of dollars, it may be easier to grasp by translating this burden to a per capita value, which is $8,402. This is more than twice the cost per person found in most other OECD countries. Not only is U.S. health care spending very high in terms of absolute dollars and compared to other developed countries, but the growth rate remains in the mid- single digits, well above inflation.

The high cost of health care places a burden on individuals and families and negatively affects the competitive position of U.S. businesses in the world. It also makes government programs that provide care for the poor and elderly very expensive. Medicare and Medicaid are the major cost drivers of the federal deficit and the cost of Medicaid is the major contributor to the dire fiscal picture of most states. This steady rise in health care costs is crowding out the ability of government to invest in education, infrastructure, and research and development, thus harming the overall U.S. economy and hindering productivity and real income growth.

The States as Laboratories – Most public policy transformations in the United States have started in the states—as shown by the evolution of our environmental laws, welfare policies, and health care for children and the uninsured, to name a few. State experimentation often is the critical first step in shaping policies prior to federal enactment. With regard to healthcare, states are the appropriate entity to test out strategies for cost control. States have populations large enough for robust experimentation and innovation, but also unique cultures and different health care marketplaces. This means that solutions must be tailored. What works in Maryland will not likely work in Mississippi or Massachusetts. As major state employers, overseers of Medicaid and other public health programs, and—in many cases—operators and/or rule-setters for state insurance exchanges, Governors and state legislators face a growing responsibility for ensuring that their health care systems are cost effective and affordable. Once the ACA is fully implemented, about 75 million individuals will be covered under state Medicaid programs and another 28 million individuals will purchase health care through
state run exchanges. This means over 100 million people, or almost one out of every three Americans, will receive their health insurance through an entity that is run or overseen by the state.

**The Critical Issues** – The bipartisan Commission will develop a continuum of cost effective state strategies for curbing the growth in overall healthcare expenditures. The strategies will include market oriented approaches as well as regulatory options. Some of the critical questions that will be addressed by the Commission include the following:

- How can governors and legislatures create a permanent strategic planning group of stakeholders to both develop a state consensus and provide leadership on cost control strategies?
- What health care data needs to be collected to monitor progress toward the goal of making health care spending sustainable over time?
- What enforcement mechanisms are available to states to ensure that the goal is met?
- How does a state create transparency on health care prices and quality to allow consumers to make more cost effective decisions?
- How can states encourage the integration of care through the use of accountable care organizations and medical homes?
- What are the most efficient payment reforms that could be implemented and how should the state encourage their use?
- What incentives can be built into the state insurance exchanges that will encourage consumers to choose the most cost-effective care?
- How does a state expand the scope of practice for physician assistants, advanced practice nurses and other non-physician providers?
- How does a state reform medical malpractice and create safe harbor reporting?
- What can the federal government do to assist states in controlling health care costs?

The Commission includes representatives of all the key sectors of the health care industry including insurance plans, hospitals and physician provider groups. It also has representatives from all the key groups that purchase health care including Medicaid, Medicare and the private sector as well as a consumer advocate. The Members are as follows:
The Honorable Mike Leavitt, Co-Chair
Former Governor of Utah and Secretary, U.S.
Department of Health and Human Services

The Honorable Bill Ritter, Jr., Co-Chair
Former Governor of Colorado

Andrew Dreyfus, President and CEO
Blue Cross Blue Shield of Massachusetts

Simon Stevens, Executive Vice President
UnitedHealth Group

Glenn D. Steele, Jr., MD, President and CEO
Geisinger Health System

George C. Halvorson, Chairman and CEO
Kaiser Permanente

Jay Cohen, MD, Executive Chairman
Monarch HealthCare

Joan Henneberry, Former Executive
Director, Colorado Department of Health Care Policy and Finance and currently
Principal Health Management Associates

Robert D. Reischauer, Medicare Trustee
and Former Director, Congressional Budget Office

Lloyd Dean, CEO
Dignity Health

Rob Restuccia, Executive Director
Community Catalyst

Michael L. Davis, Senior Vise President,
Global Human Resources, General Mills

Convening – The Commission held its first conference call on October 31, 2012 to identify
the cost containment strategies that require further research and investigation. A second
conference call will be held January 8, 2013.

The first full day meeting of the Commission will be February 13, 2013 at the Miller
Center’s Washington, D.C. office. The final meeting, where the Commission will adopt the
final report, will be in October, 2013 also in Washington D.C.

Project Management – The project director is Dr. Raymond Scheppach, who is the former
Executive Director of the National Governors Association and currently an Economic
Fellow at the Miller Center of Public Affairs and Professor of Practice at the Batten School of
Leadership and Public Policy at the University of Virginia. John Thomasian, the former
Director of the Center of Best Practices at the National Governors Association is a senior
consultant and Dr. Arthur Garson, the former Dean of the University of Virginia School of
Medicine is a senior advisor on the project. There are also three graduate assistants from
the Batten School of Leadership and Public Policy; Allie Yudt, Alexander Boucher, and Eleni
Orphanides who are assisting on the project.

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funding this initiative.

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