

Exhibit ES-1. Synergistic Strategy: Potential Cumulative Savings Compared with Current Baseline Projection, 2013–2023

Net impact in \$ billions*

	Total NHE	Federal government	State and local government	Private employers	Households
2013–2018	–\$686	–\$345	–\$84	–\$66	–\$192
2013–2023	–\$2,004	–\$1,036	–\$242	–\$189	–\$537

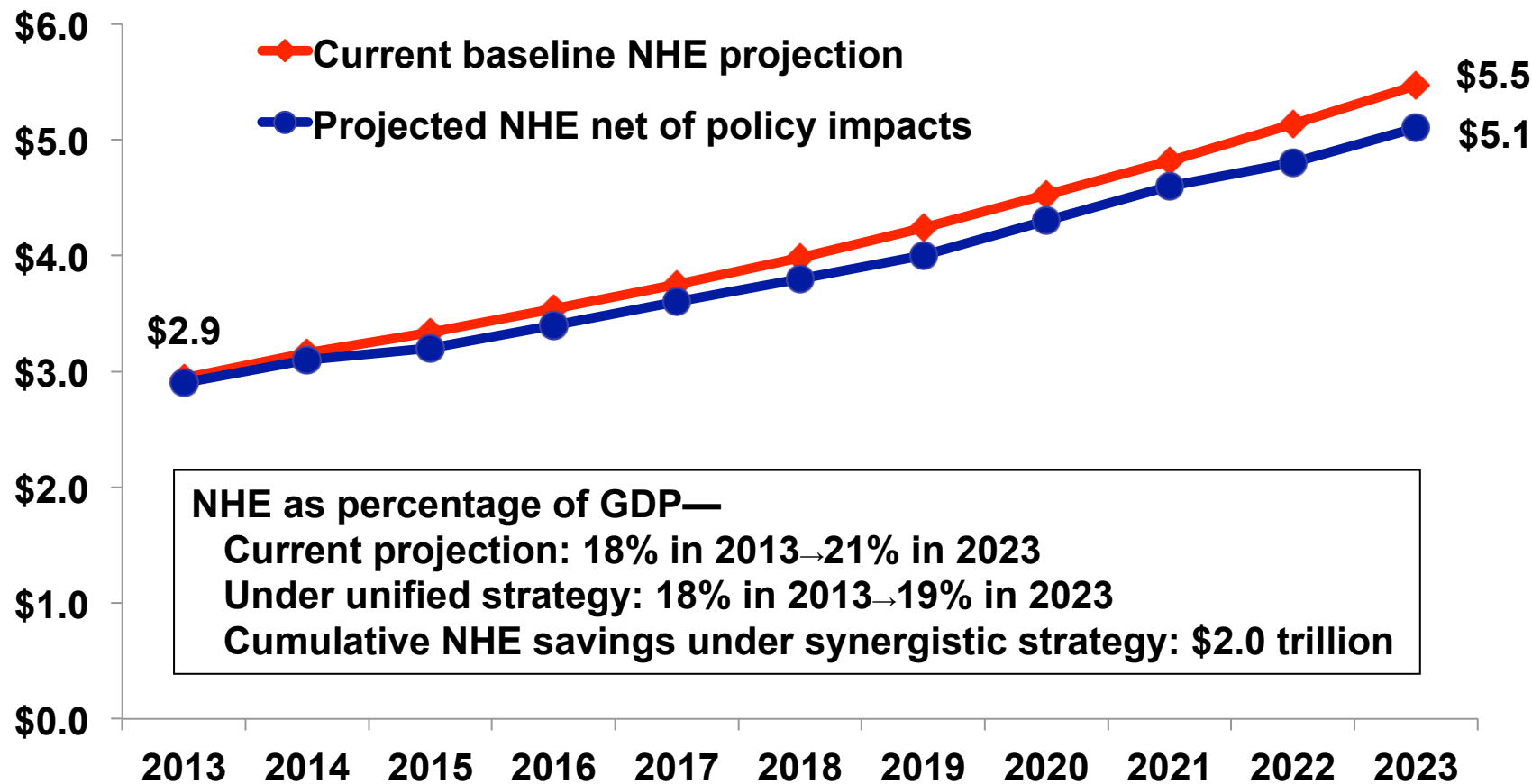
Note: NHE = national health expenditures.

* Net effect does NOT include potential impact of spending target policy.

Source: Estimates by Actuarial Research Corporation for The Commonwealth Fund. Current baseline projection assumes that the cuts to Medicare physician fees under the sustainable growth rate (SGR) formula are repealed and basic physician fees are instead increased by 1% in 2013 and held constant from 2014 through 2023.

Exhibit ES-2. Projected National Health Expenditures (NHE), 2013–2023: Potential Impact of Synergistic Strategy

NHE in \$ trillions



Note: GDP = gross domestic product.

Source: Estimates by Actuarial Research Corporation for The Commonwealth Fund. Current baseline projection assumes that the cuts to Medicare physician fees under the sustainable growth rate (SGR) formula are repealed and basic physician fees are instead increased by 1% in 2013 and held constant from 2014 through 2023.

Exhibit ES-3. Cumulative Net Impacts of Payment, Engaging Consumers, and Systemwide Policies, 2013–2023

Net savings in \$ billions

	2013– 2018	2019– 2023	Total 2013–2023
Payment reforms to pay for value to accelerate delivery system innovation	–\$442	–\$891	–\$1,333
Policies to expand and encourage high-value choices by consumers	–\$41	–\$148	–\$189
Systemwide actions to improve how health care markets function*	–\$203	–\$279	–\$481
Cumulative NHE impact**	–\$686	–\$1,318	–\$2,004

Note: NHE = national health expenditures. Totals may not add because of rounding.

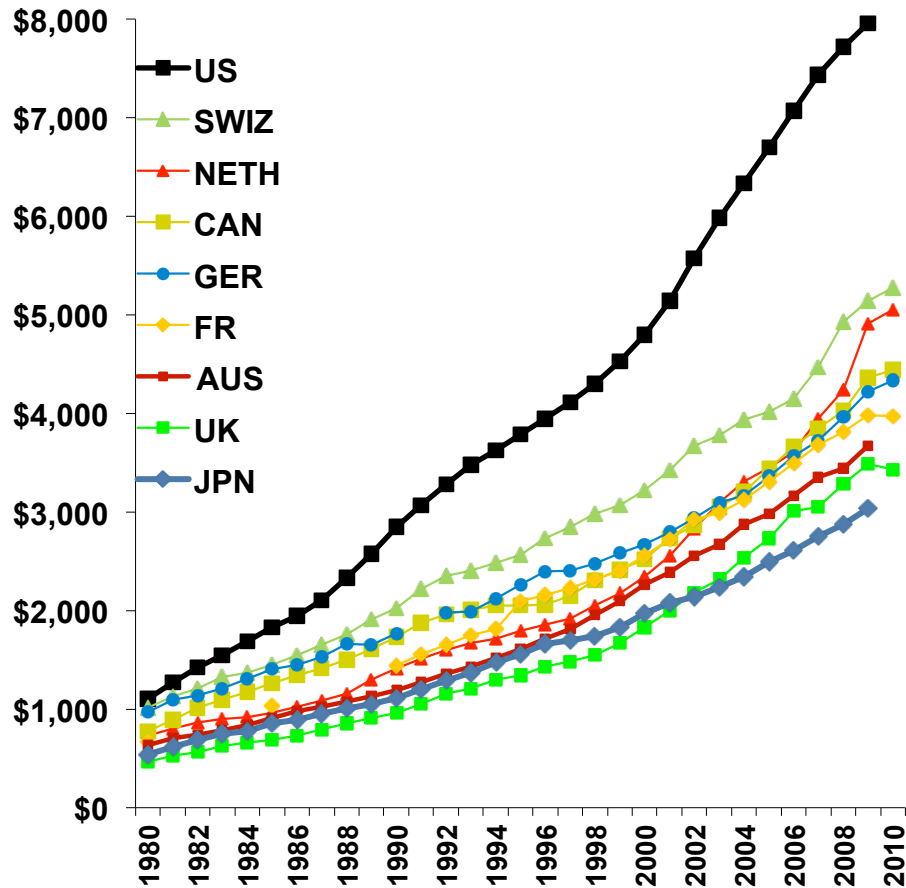
* Net savings do NOT include the potential impact of the spending target policy. Malpractice savings included in impact of provider payment reforms.

** Cumulative NHE impact adjusted for potential overlap of component policy impacts.

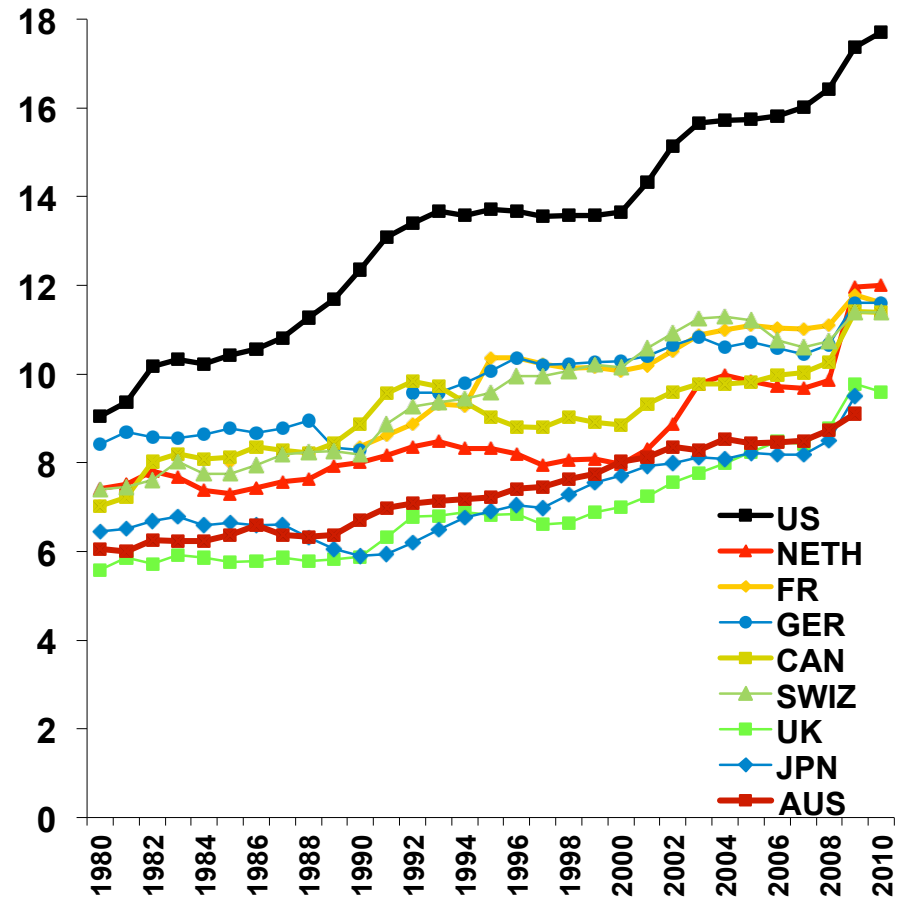
Source: Estimates by Actuarial Research Corporation for The Commonwealth Fund. Current baseline projection assumes that the cuts to Medicare physician fees under the sustainable growth rate (SGR) formula are repealed and basic physician fees are instead increased by 1% in 2013 and held constant from 2014 through 2023.

Exhibit 1. International Comparison of Spending on Health, 1980–2010

Average spending on health per capita (\$US PPP)



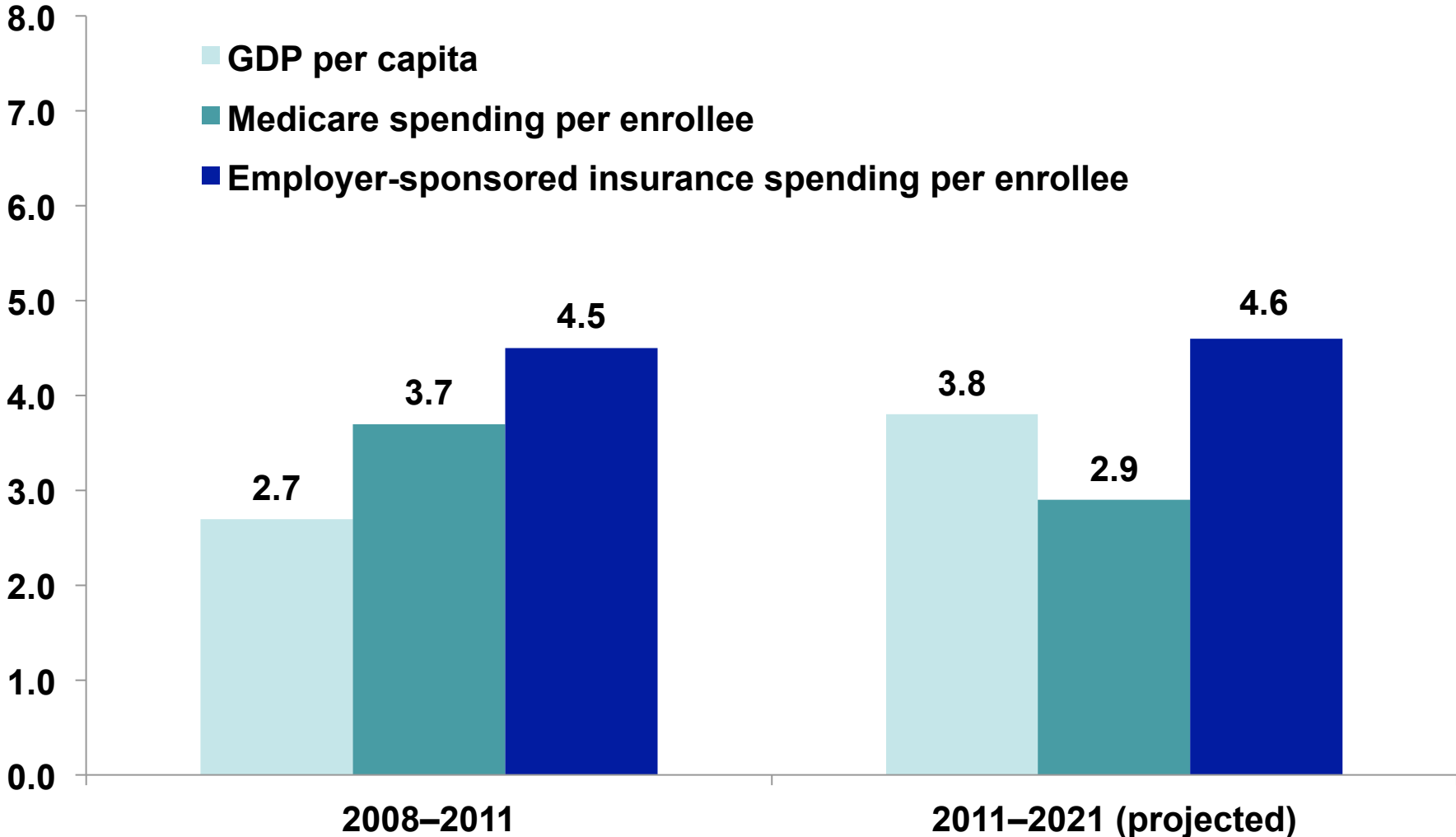
Total health expenditures as percent of GDP



Notes: PPP = purchasing power parity; GDP = gross domestic product.
 Source: Commonwealth Fund, based on OECD Health Data 2012.

Exhibit 2. Medicare Spending per Enrollee Projected to Increase More Slowly Than Private Insurance Spending per Enrollee and GDP per Capita

Annual rate of growth (percent)

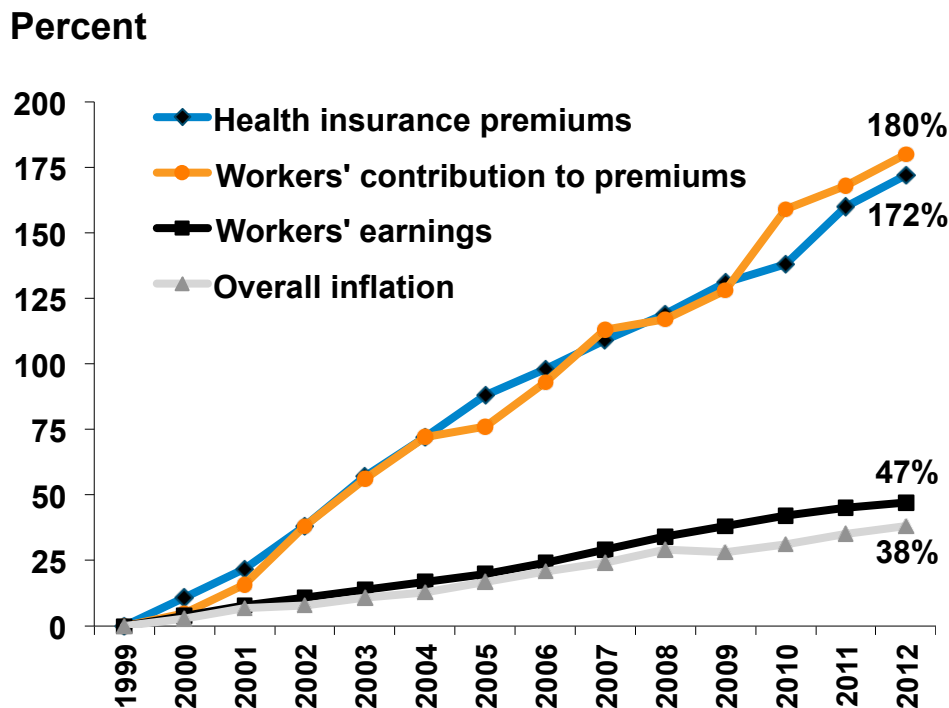


Note: GDP = gross domestic product.

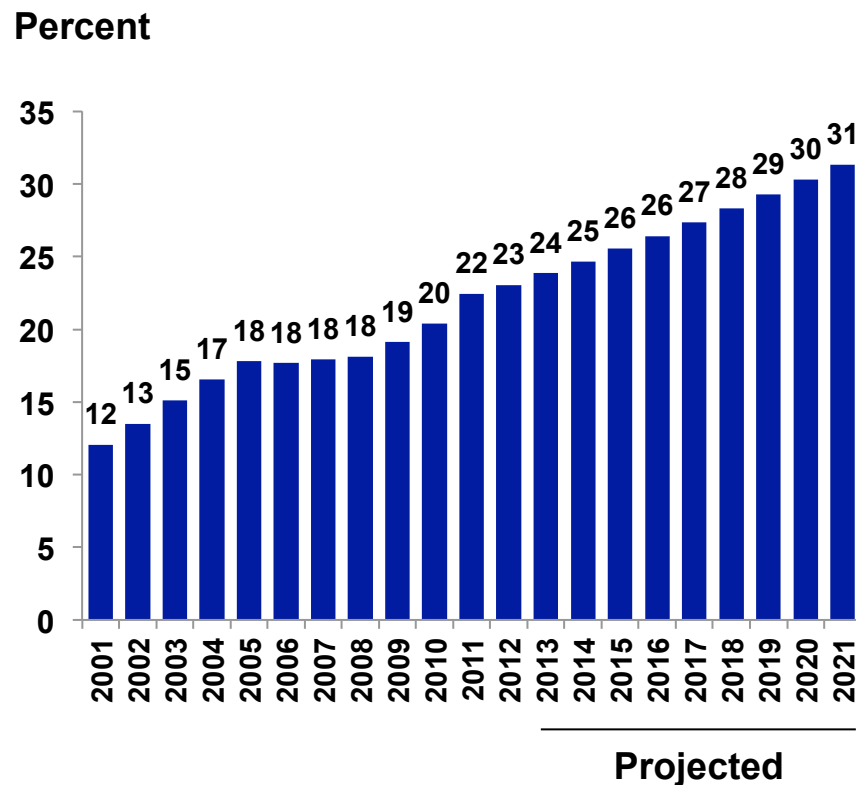
Source: CMS Office of the Actuary, National Health Expenditure Projections, 2011-2021, updated June 2012.

Exhibit 3. Premiums Rising Faster Than Inflation and Wages

Cumulative changes in insurance premiums and workers' earnings, 1999–2012



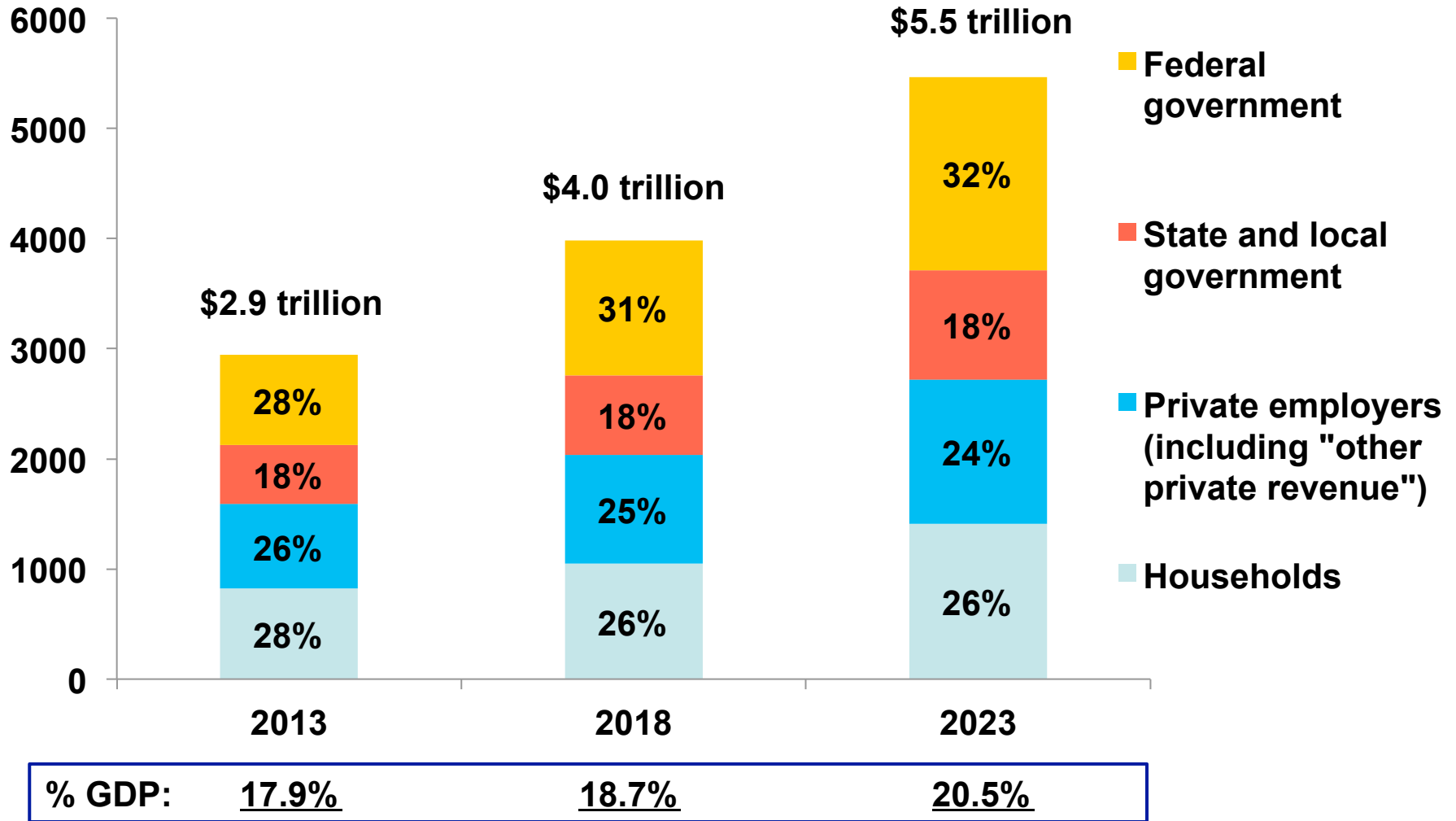
Projected average family premium as a percentage of median family income, 2013–2021



Sources: (left) Kaiser Family Foundation/Health Research and Educational Trust, *Employer Health Benefits Annual Surveys*, 1999–2012; (right) authors' estimates based on CPS ASEC 2001–12, Kaiser/HRET 2001–12, CMS OACT 2012–21.

Exhibit 4. Projected U.S. National Health Expenditures (NHE) by Source, 2013–2023

NHE in \$ billions



Note: GDP = gross domestic product.

Source: Estimates by Actuarial Research Corporation for The Commonwealth Fund.

Exhibit 5. High Performance Health System Criteria for Developing Options to Stabilize Spending Growth

- **Set targets for total spending growth**
 - **Pay for value to accelerate delivery system reform for better outcomes, better care, at lower costs**
 - **Address the systemwide causes of health spending growth—not just federal health costs**
 - **Align incentives for providers and consumers across public and private payers**
 - **Protect access and enhance equity, but also engage and inform consumers**
 - **Invest in information systems to guide action**
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Exhibit 6. Synergistic Strategy: Potential Cumulative Savings Compared with Current Baseline Projection, 2013–2023

Net impact in \$ billions*

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Source: Estimates by Actuarial Research Corporation for The Commonwealth Fund. Current baseline projection assumes that the cuts to Medicare physician fees under the sustainable growth rate (SGR) formula are repealed and basic physician fees are instead increased by 1% in 2013 and held constant from 2014 through 2023.

Exhibit 7. Synergistic Strategy: Cumulative Savings, 2013–2023

Payment reforms to accelerate delivery system innovation (\$1,333 billion)

- Pay for value: replace the SGR with provider payment incentives to improve care
- Strengthen patient-centered primary care and support care teams
- Bundle hospital payments to focus on total cost and outcomes
- Align payment incentives across public and private payers

Policies to expand and encourage high-value choices (\$189 billion)

- Offer new Medicare Essential plan with integrated benefits through Medicare, offering positive incentives for use of high-value care and care systems
- Provide positive incentives to seek care from patient-centered medical homes, care teams, and accountable care networks (Medicare, Medicaid, private plans)
- Enhance clinical information to inform choice

Systemwide actions to improve how health care markets function (\$481 billion)

- Simplify and unify administrative policies and procedures
- Reform malpractice policy and link to payment*
- Target total public and private payment (combined) to grow at rate no greater than GDP per capita**

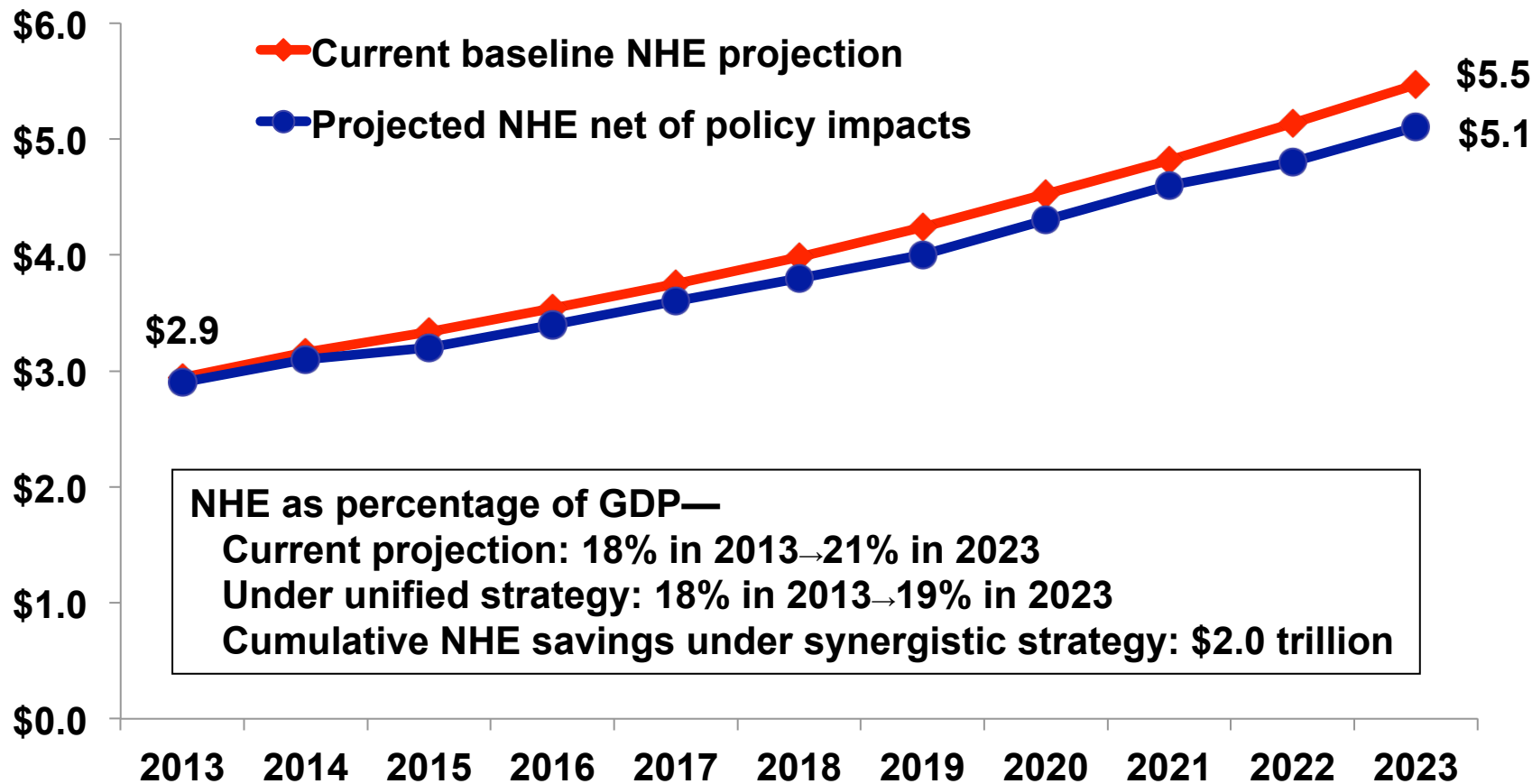
Notes: SGR = sustainable growth rate formula; GDP = gross domestic product.

* Malpractice policy savings included with provider payment policies.

** Target policy was not scored.

Exhibit 8. Projected National Health Expenditures (NHE), 2013–2023: Potential Impact of Synergistic Strategy

NHE in \$ trillions

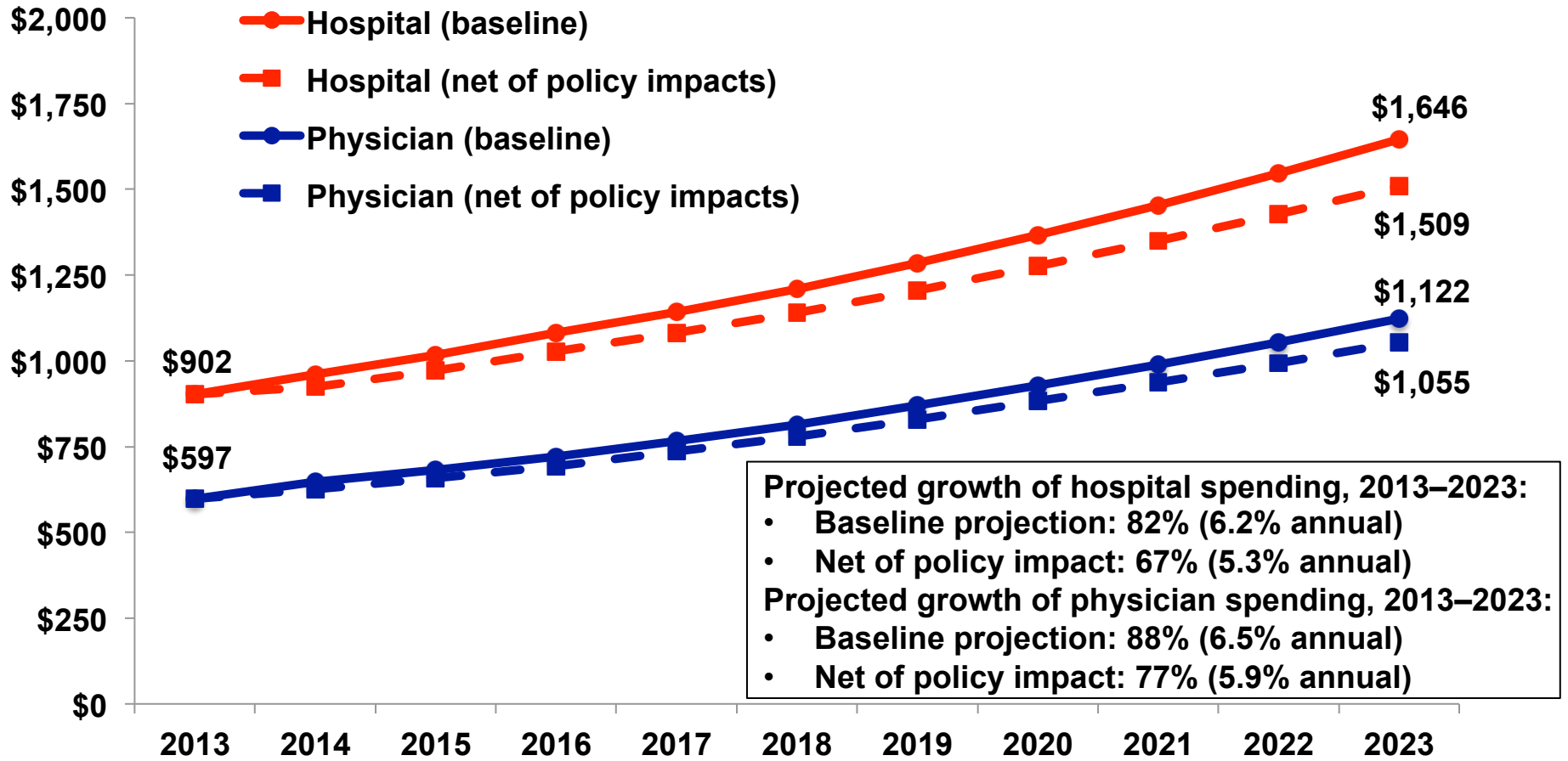


Note: GDP = gross domestic product.

Source: Estimates by Actuarial Research Corporation for The Commonwealth Fund. Current baseline projection assumes that the cuts to Medicare physician fees under the sustainable growth rate (SGR) formula are repealed and basic physician fees are instead increased by 1% in 2013 and held constant from 2014 through 2023.

Exhibit 9. Impact of Synergistic Strategy on Projected Annual Hospital and Physician Spending, 2013–2023

Spending in \$ billions



Source: Estimates by Actuarial Research Corporation for The Commonwealth Fund. Current baseline projection assumes that the cuts to Medicare physician fees under the sustainable growth rate (SGR) formula are repealed and basic physician fees are instead increased by 1% in 2013 and held constant from 2014 through 2023.