



MAKING HEALTH CARE AFFORDABLE, ACCOUNTABLE, AND UNIVERSAL

Americans don't get the quality of health care they pay for and too often can't afford the cost of the care they receive. The United States spends more per person on health care than any other country. Yet, 33 other countries have lower infant mortality rates and 28 other countries have longer life expectancies. Health care costs have grown faster than inflation every year since 1970. John Edwards has proposed a comprehensive plan to strengthen our health care system and guarantee quality affordable health care for every American by 2012. Today's announcement details his principles of creating an affordable and accountable health care system, announced in February 2007. [KFF, 2001; HRET, 2006; CHCF, 2006]

REFORM THE INSURANCE INDUSTRY

Edwards will make sure insurance companies help people by:

- **Ensuring that Premiums Help Patients:** Without new rules, insurance companies could continue to charge hardworking families excessive premiums, pocketing the savings from health care reform instead of delivering more to patients. Building on state efforts, Edwards will set national accounting standards requiring insurers to spend at least 85 percent of their premiums on patient care. The standards will also create a more efficient system. Today, thirty cents of every dollar spent on health care goes toward administration and system waste. [Woolhandler, et al., 2003]
- **Making Private Insurers Compete with a Public Plan:** Edwards will offer individuals in Health Care Markets a choice of insurance plans including a public plan based on Medicare. Private insurers will operate in a more competitive market that will hold down costs and improve care.
- **Protecting Consumers:** Edwards will establish strong national "truth-in-insuring" rules to explain private insurance plans and create standards for billing. He will order the Justice Department to conduct an antitrust review of the health insurance market. And he will enact a Patients' Bill of Rights for insurance companies and managed care.
- **Stopping Overpayments to Medicare Private Plans:** Medicare overpays private plans for the services delivered to beneficiaries. Edwards will stop the privatization of Medicare and the overpayments and expand its services for low-income beneficiaries. [CBPP, 2007]

A NEW ERA IN CHRONIC AND PREVENTIVE CARE

Chronic diseases account for three-quarters of national health care spending. Helping patients and providers to manage these illnesses and avoid unnecessary hospitalizations can improve health and

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dramatically reduce health care costs. Additionally, less than 5 percent of total U.S. health care spending goes toward prevention. [AAFP, 2007; Kelley, et al., 2004]

As president, Edwards will cut the cost of and improve treatment for chronic conditions by:

- **Creating Patient-Centered Medical Homes:** Ninety percent of Medicare dollars are spent on people with three or more conditions, who usually see multiple specialists. At the same time, the number of new family practitioners has dropped 50 percent, in part because we don't properly value primary care. Starting with Medicare and other public plans, Edwards will help transform how health care is delivered by changing reimbursement rules to emphasize primary care. Primary care physicians will guide care for patients to make sure they are getting proven treatment from a coordinated team. [Bodenheimer, 2006]
- **Revolutionizing Chronic Care Management and Requiring Prevention:** Edwards will require Health Care Markets and public plans to pro-actively monitor chronically-ill patients' health to reduce complications and hospitalizations, and he will offer private plans incentives to do the same. Vermont is demonstrating that this kind of new approach to managing chronic care can improve patients' health and save money. He will also require preventive care coverage, with public plans offering preventive care without co-payments, and provide incentives for patients to participate. [Washington Post, 6/3/07]
- **Helping Doctors Communicate:** Edwards will help doctors avoid duplicate tests and conflicting prescriptions, using case managers and technology to improve communication among providers and with patients, in addition to creating a medical home. [Thorpe & Howard, 2006]
- **Supporting Healthy Lifestyles:** Obesity is now epidemic in the United States. Edwards will boost public health funding, work with schools to remove unhealthy foods, invest in physical education, and promote wellness and fitness in communities and workplaces. [CDC, 2005]

IMPROVE CARE WITH TECHNOLOGY AND EMPOWER PROVIDERS TO DELIVER THE BEST CARE

Fewer than one out of every four hospitals have health information technology systems. Nearly one-third of patients experience medical mistakes, medication errors, or lab problems. Overall, better, more consistent quality could save 100,000 to 150,000 lives and \$50 billion to \$100 billion a year. [Hillestad, et al., 2005; Gauthier & Serber, 2005; Commonwealth Fund, 2006]

As president, Edwards will help providers implement technology and practice medicine that works by:

- **Adopting Electronic Medical Records:** Electronic records could save the system as much as \$162 billion annually. Edwards will require providers to use interoperable information technology that protects privacy, bring the private sector together to establish standards, and provide targeted help with implementation where necessary. [Hillestad, 2006]
- **Helping Providers Use Technology and Evaluate Quality:** Only one out of 16 doctors routinely uses electronic tools to help make medical decisions. Edwards will help doctors use handheld

devices, electronic prescribing, and order entry systems in exchange for reporting on key quality measures. [Audet, et al., 2004]

- **Promoting Evidence-Based Medicine and Transparency:** Edwards will create a new independent research institute to analyze new devices and treatments and disseminate its findings. He will develop partnerships among academic medical centers, Medicare, and other agencies to make high-quality medicine contagious. A health care Consumer Reports-type publication will help patients make better choices and drive providers to offer better services for lower costs.
- **Providing Incentives for Quality and Reducing Medical Errors:** Under the fee-for-service model, a hospital that makes a medical error is often paid for the error and then paid again to fix it. Under Edwards' plan, Medicare and other federal programs will lead the way in paying for performance.
- **Containing Malpractice Costs:** Edwards will reduce the cost of practicing medicine with common-sense reforms that help doctors and patients. Edwards supports mandatory sanctions for lawyers who file frivolous cases, stronger state medical disciplinary boards, and a knowledge bank that encourages doctors to report medical errors voluntarily, making others aware of preventable mistakes.

MAKE PRESCRIPTION DRUGS MORE AFFORDABLE

Drug costs have risen three times faster than inflation since 1994. Top companies spend twice as much on marketing and administration as they do on R&D. [KFF, 2007; Families USA, 2007]

Edwards will fight for affordable prescription drugs by:

- **Improving the Patent System and the FDA:** The patent system sometimes encourages greater investment in profitable but minor innovation ("me-too drugs") than in the costly and speculative research that generates true breakthroughs. In 2005, only 20 percent of FDA approved drugs were new molecular entities. In addition, the patent system gives companies long-term monopolies that can make life-saving drugs prohibitively costly for patients. Edwards will convene an expert panel to explore whether there are certain key disorders where prizes for breakthroughs – as an alternative to patent monopolies—would offer new incentives to researchers, guaranteed gains to companies, and lower costs to patients. Prizes would supplement, but not replace, the current patent system. Additionally, Edwards will eliminate loopholes and trade obstacles that block generic drugs and let the FDA approve biogenerics, saving up to \$43 billion over 10 years. [Woolley, 2006; Stiglitz, 2005; CAGW, 2007]
- **Protect Patients against Dangerous Medicines:** Edwards will restrict direct-to-consumer advertising for new drugs, strengthen the FDA, and ensure evaluation research is truly independent.
- **Getting a Fair Deal for Taxpayers.** Edwards will repeal the law preventing Medicare from negotiating drug costs with drug makers and empower states to use Medicaid's leverage to purchase drugs at lower prices, with safeguards to preserve access. He will give Medicare beneficiaries the choice to pick a public plan for their prescription drugs.

- **Allowing Reimportation:** Edwards has long supported the safe reimportation of prescription drugs from Canada, which could save consumers \$50 billion over 10 years. [*Washington Post*, 5/3/07]

ADDITIONAL INVESTMENTS IN QUALITY TO SAVE MONEY

Edwards will support infrastructure that is focused on quality and efficiency by:

- **Addressing the Nursing Crisis:** Edwards will improve work conditions to bring back 50,000 nurses who have left the profession and recruit 50,000 young people into nursing. Hiring more nurses could save 6,700 lives in hospitals and reduce 4 million days of hospital care. [Needleman, et al., 2006]
- **Providing Choice and Dignity in Long-Term Care:** To help Americans who need long-term care and to contain costs, Edwards will reform the long-term care system to emphasize choice for older Americans and people with disabilities, provide home and community care whenever possible, and promote dignity and respect for families and workers.
- **Investing in Telemedicine for Rural Areas:** Small-town America should have access to the same high-quality health care available in big cities. Edwards will help rural hospitals invest in telemedicine, support 15 Regional Telemedicine Centers across the country to share best practices, and cut red tape that limits patient access to the full benefits of telemedicine.