



State of the Nation's Health Care 2012

A Framework for a Better Approach to Lowering Health Care Costs

ACP believes that budget cuts that will compromise essential programs to improve the access, quality and safety of health care in the United States must not be allowed to stand. Instead, policymakers should embrace an alternative approach that addresses the true cost drivers behind rising health care costs while preserving funding for essential programs.

Last summer, ACP sent to the Joint Select Committee on Deficit Reduction a menu of options, generally supported by ACP policies, to reduce health care spending in a fiscally and socially responsible manner. According to estimates by the CBO and other experts, the options submitted by ACP would reduce spending on health care by \$500 to \$800 billion over the next ten years. Specifically, ACP recommends the following:

- **Congress should enact a budget package to replace the \$1.2 trillion in sequestration cuts mandated by the Budget Control Act.** Such an alternative should achieve equivalent or greater savings while allowing for continued and adequate funding for critical programs to provide access to vulnerable populations, fund graduate medical education, improve and protect public health and safety, prevent and control disease, train more primary care physicians, respond to natural disasters and bioterrorism, and support medical research.
- **To achieve health care savings while ensuring funding for critical health care programs, Congress should:**
 - **Repeal the Medicare Sustainable Growth Rate (SGR) formula and establish a process to transition to more effective, patient-centered delivery and payment system.**
 - **Enact reforms to reduce the costs of defensive medicine.**
 - **Support efforts by the medical profession to promote high-value, cost-conscious care.**
 - **Enact structural improvements in entitlement programs that will make them more effective for patients and result in more efficient use of limited resources.**
 - **Reform federal tax policy to encourage consumers to be more cost-conscious in their selection of health insurance.**