

Health Costs and Financing: Challenges and Strategies

The National Academy of Medicine convened the Vital Directions for Health and Health Care: Priorities for 2021 initiative which, following a 2016 initiative of the same name, aims to provide expert guidance to the new presidential administration and nation on several focus areas for U.S. health policy. The following highlights the Vital Directions 2021 article on health costs and financing, published in Health Affairs in January 2021. Visit nam.edu/VitalDirections for more information.

Overarching Challenges to Improving U.S. Health Costs and Financing

Experts prioritize three overarching, and deeply interrelated, goals for the U.S. health system:

Access. The U.S. has a large and growing uninsured population. This rise in individuals who don't have health insurance comes at a time when a growing body of research links insurance coverage with improvements in financial security, health, and longevity.

Affordability. Health care spending continues to grow at an unsustainable rate. Even for those with insurance coverage, health care is increasingly unaffordable. Roughly half of U.S. adults have delayed or avoided seeking care due to costs.

Equity. Persistent inequities in health care access and outcomes owing to race, gender, ethnicity, sexual orientation, and socioeconomic status have been made painfully obvious during the COVID-19 pandemic, which has taken an unacceptably high and disparate toll on underserved communities and people of color.

Policy Priorities

1. Expand insurance coverage.
 - The Secretary of Health and Human Services should develop alternative pathways to insurance coverage.
 - State governors should create opportunities for expanded coverage.
2. Accelerate the transition to value-based care.
 - The Administrator of the Centers for Medicare and Medicaid Services should increase the adoption of advanced value-based payment models, align payment models with equity, stabilize independent primary care providers, broaden value-based insurance design, strengthen Medicare Advantage, and enforce regulations that promote interoperability.
 - State governors should expand value-based care in Medicaid.
3. Advance home-based care.
 - The Administrator of the Centers for Medicare and Medicaid Services should formalize changes to telehealth reimbursement and develop reimbursement models for home-based care.
4. Improve the affordability of drugs and other therapeutics.
 - The Commissioner of the Food and Drug Administration should reduce barriers for generic and biosimilar development and develop a rapid-cycle, real-world evidence evaluation program.
 - The Administrator of the Centers for Medicare and Medicaid Services should develop value-based reimbursement models for high-value therapeutics.
5. Develop a high-value workforce.
 - The Secretary of Health and Human Services should develop a national workforce of community health workers.
 - State governors should remove barriers to affordable telehealth access.

Ultimately, these steps by policymakers will help ensure every American has equal access to affordable health care.