HEALTH CARE IN CALIFORNIA AND NATIONAL HEALTH REFORM STUDY RELEASED

CED Report Warns that Health Care Reform will not Succeed Without Cost Reforms

Washington, D.C. June 30, 2010 – The health-care delivery system and payment structure need significant reforms, or the health care reform law passed by Congress will prove to be an “empty promise.” That is the conclusion of a new report, *Health Care in California and National Health Reform*, from the business-led Committee for Economic Development (CED).

“Although the health reform act makes health insurance coverage available to many more people -- which is a good thing -- CED believes that it does little to control the cost of health care. Without structural reform of the health care delivery and payment systems, we will continue to pay unsustainably inflating costs, but for even more people,” said Joseph J. Minarik, CED Vice President and Director of Research, and co-author of the new report.

CED decided to study health care in California because the state is a large market for health care, it has a diverse employer base, it has a diverse set of providers and plans, it has encountered problems with costs, and California’s elected officials have attempted to reform the health-care system within the state.

CED believes that the U.S. employer-based health insurance system is failing – and the recently enacted health reform, the Patient Protection and Affordable Care Act (PPACA), will not reverse that dynamic. Fewer American workers have insurance now than did ten years ago; and fewer American firms are offering health insurance now than did then. We believe that our health-insurance system will remain in crisis, and needs immediate attention to stop steady erosion that may become sharp, quantum deterioration. The CED report, *Quality, Affordable Health Care for All* (2007), proposes a fundamental restructuring of the health-care system to address this crisis.

““In California, Managed Competition among integrated delivery systems works to improve value for money in health care. People migrate to improved value for money. When given the choice and the opportunity to keep the savings, most people choose managed care. America does not need a lot of new pilot projects so much as it needs to create market conditions that favor the growth of high quality efficient care systems,” said Alain C. Enthoven, Professor (Emeritus), Graduate School of Business, Stanford University, and co-author of the CED report.

*Health Care in California and National Health Reform* can be found at [http://www.ced.org/images/library/reports/health_care/CED_CA_HC_2010.pdf](http://www.ced.org/images/library/reports/health_care/CED_CA_HC_2010.pdf) and more information about CED’s work on this issue can be found at [www.ced.org](http://www.ced.org).

CED is a non-profit, non-partisan organization of more than 200 business leaders and university presidents. Since 1942, its research and policy programs have addressed many of the nation’s most pressing economic and social issues, including education reform, workforce competitiveness, campaign finance, health care, and global trade and finance. CED promotes policies to produce increased productivity and living standards, greater and more equal opportunity for every citizen, and an improved quality of life for all.