Motivating goal: To reduce per capita health spending in the United States by 10% within 10 years, without compromising health status, quality of care, or valued innovation.

Issues prompting the discussion
1. Health costs in the United States this year will be about $2.5 trillion—nearly 17% of the economy.
2. The United States spends far more on health care than any other nation, 50% more than the 2nd highest spender and about twice as high as the average for other developed countries.
3. Overall health outcomes in the United States lag behind those achieved in other countries.
4. Consistent with the per capita figures, many researchers studying the nature of U.S. health expenditures feel that 30% to 50% of our expenditures do not contribute to better health.
5. Clarity and understanding is needed on the nature, magnitude, and productivity of the major cost drivers for health care in the nation.
6. Clarity and understanding is needed on the strategies and potential impact of candidate measures that will reduce costs while securing health improvement and innovation in health care.

Objectives: To identify, characterize and discuss the major causes of excess health care spending, waste and inefficiency in the United States, to consider strategies that might reduce health spending in the United States while improving health outcomes, and to explore policy options relevant to those strategies.

Approach: Identify the major categories and issues driving excess health costs, estimate the magnitude of the problem for each issue, and estimate the controllable spending for each identified problem and category. The integrative process (getting to 10%) will account for the overlaps and adjust to avoid double counting – e.g., care coordination and social support, administrative costs that are care-related and regulatory-related.

Project audiences and impact: This workshop series will draw participation from across health care sectors, including policy makers, professional groups, health delivery organizations, the public and others. A final report summarizing the discussions will be published by the Institute of Medicine for release after the third meeting.
**WORKSHOP #1 – UNDERSTANDING THE TARGETS**

**MAY 21 – 22**

The initial workshop will focus on the identification of categories of waste and inefficiency in the health care system and their respective order of magnitude as a percentage of U.S. care spending, including:

- Unnecessary services
- Inefficiently delivered services
- Service and product prices that are too high
- Excess administrative costs
- Missed prevention opportunities

**WORKSHOP #2 – STRATEGIES THAT WORK**

**JULY 16 – 17**

Building on the discussions in the first workshop, this workshop will explore methods of decreasing inefficiency and waste and their likely net yield.

**WORKSHOP #3 – THE POLICY AGENDA**

**SEPTEMBER 9 – 10**

The final workshop will assess the concrete, actionable public policy options for mobilizing the methods of lowering U.S. *per capita* health spending.

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**Planning Committee**

- Arnold Milstein, Pacific Business Group on Health, Chair
- Kathleen Buto, Johnson & Johnson
- Robert Galvin, Global Healthcare/General Electric
- Paul Ginsburg, Center for Studying Health System Change
- Eric Jensen, McKinsey Global Institute
- Mark Miller, Medicare Payment Advisory Commission
- Nancy Nielsen, American Medical Association
- Steven Pearson, Institute for Clinical and Economic Review
- Gail Shearer, Consumers Union
- Reed Tuckson, UnitedHealth Group

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