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# A Message from Lilly: The Continued Evolution of Health Care Reform in the United States

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# Prescriptions for Excellence in HEALTH CARE

A COLLABORATION BETWEEN JEFFERSON SCHOOL OF POPULATION HEALTH AND LILLY USA, LLC

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## A Message from Lilly

### The Continued Evolution of Health Care Reform in the United States

By Barton R. Peterson, BS, JD

Health care reform in the United States was inevitable. In the absence of any changes to federal law, 25% of total US Gross Domestic Product would have been spent on health care by 2025. A system that provided financial incentives for services without regard for patient outcomes was bound to hit the wall. We were spending nearly twice what the rest of the developed world spent on health care, yet measures of quality suggested that US health care was not twice as good. It was time for a fundamental reevaluation.

There was much speculation about why the biopharmaceutical industry jumped headlong into the health care reform debate in 2009. The industry supported what became the Affordable Care Act (ACA) despite the enormous additional expenditures it imposed on biopharmaceutical companies. Why? The simplest answer is that the system's flaws were catching up with it and producing results that were not in Americans' best interests – most importantly, the patients who were its intended beneficiaries.

This issue of *Prescriptions for Excellence in Health Care* comes at a very uncertain time. The US Supreme Court will decide the fate of at least the individual mandate in the ACA, if not the fate of the entire law. Regardless of how the high court rules, the 2012 elections could result in a Republican president and a Republican-controlled Congress – 2 entities that have pledged to repeal the ACA. If President Obama is reelected, he may face a Republican Congress that imposes limits on funding the implementation of certain ACA provisions. And then there are the States, which have responsibility for insurance exchanges, the expansion of Medicaid, and other critical components of the new law.

The foregoing challenges aside, it is a very good time to discuss the issues presented on the following pages. If the ACA survives, it must evolve. Even its staunchest supporters admit that. If it is repealed, it must be replaced with something else. Otherwise, we're in the same place we were 2 years ago – with millions of uninsured

people, unsustainable growth in expenditures, and little to show in the way of improved outcomes and higher quality.

In the biopharmaceutical industry, there are many opinions as to what such an improved system might look like, and I have my own. The movement toward compensating those in the health care system for improved individual health outcomes is inexorable, but it will be a terribly complicated thing to do. The ACA puts a number of “toes in the water” on the subject of paying for results, Accountable Care Organizations being the most prominent. When so many different individuals and institutions are involved in the care of a single person, how do we distinguish who performed well from who performed poorly and, importantly, how do we compensate them accordingly? What about the role of the health care consumer in his or her own health? What about prevention?

I believe that the age of health care “silos” will come to an end. A system that pays only for products

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and services facilitates siloed providers, and vice versa. The biopharmaceutical industry provides essential innovation for the benefit of patients and value for the health care system but is compensated solely on the number of pills and vials it sells. I hope the business model for biopharmaceutical companies evolves to the point where they are seen as an integral

part of producing better *individual* patient outcomes. At Lilly, our corporate vision is “Improved Outcomes for Individual Patients.” These are not empty words. They drive the actions of our employees across the world every day.

US health care reform is closer to the beginning than the end. At least our country is now purposefully

focused on real issues and real solutions. It is imperative that this focus lead to a sustainable health care system that produces better outcomes for all Americans.

*Barton R. Peterson, BS, JD, is Sr. Vice President, Corporate Affairs/Communications at Eli Lilly and Company.*