Medicare Signal Achievements

• Medicare has achieved its goals of ensuring access to care and financial protection for beneficiaries in its first 50 years – uninsured rate down, life expectancy up 5 years, access to care and financial burdens less than for those under 65

• Medicare has been an innovative leader in payment, quality, and delivery system reform – DRGs, MD fee schedule, Medicare Advantage, quality

• Medicare has outperformed private insurers in controlling costs
Historic and Projected Annual Growth Rates
Medicare Spending per Beneficiary Compared to
Private Insurance and Gross Domestic Product

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<tbody>
<tr>
<td>Medicare per Beneficiary</td>
<td>8.2%</td>
<td>3.7%</td>
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<tr>
<td>Private Health Insurance per Enrollee</td>
<td>9.7%</td>
<td>4.7%</td>
</tr>
<tr>
<td>GDP per Capita</td>
<td>6.5%</td>
<td>4.0%</td>
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CBO Has Lowered 10 Year Medicare Spending Projections by $1 Trillion, 2011-2020

Cumulative Differences between CBO 2014 & CBO 2009

2011-2020, Difference amounts to $1.07 Trillion
2013-2022, Difference amounts to $1.70 Trillion

Source: Karen Davis and Jeromie Ballreich, Roger C. Lipitz Center, Johns Hopkins Bloomberg School of Public Health, based on annual Congressional Budget Office reports
Medicare Challenges for the Future

- Financial burdens on low- and modest income beneficiaries
- Fragmented coverage: Part A, Part B, Part D, Medicare, Medicaid
- Absence of coverage for long-term care services and supports to help beneficiaries with complex care needs remain in the home
- Provider payment that is still largely fee-for-service based
- Retirement of boomer generation and growth in numbers of enrollees; increased share of federal budget
Comprehensive Reform of Traditional Medicare

Cathy Schoen, Christine Buttorff, Martin Andersen, Karen Davis

• Integration of Traditional Medicare, MediGap, Private Drug Plans, and Medicaid
  – Comprehensive benefits, administrative simplicity and savings
  – Sliding scale premium and cost-sharing assistance up to 200% of poverty directly through Medicare
  – Incentives to obtain care from high-value providers accepting innovative payment methods
Comprehensive Provider Payment Reform in Traditional Medicare

Gerard Anderson

• Spread successful CMMI payment methods to all interested and qualified providers

• Replace Sustainable Growth Rate with physician payment reform similar to Congressional Committee bills – zero update for providers receiving volume-related payment and bonus of 5 percent for providers electing value-related payment with future payment updates available only to value-enhancing payment methods

• Price and quality transparency to enact beneficiaries to obtain care from high-value providers

• Engagement of private health insurers and Medicaid in adoption of value-enhancing payment methods
Comprehensive Reform of Traditional Medicare

Lauren Nicholas, Marilyn Moon, Ilene Hollin, Karen Davis

- New part of Medicare for Beneficiaries with Complex Care Needs (physical or cognitive functional impairment, high cost)
  - Complex Care Organizations (CCOs) accountable for health and long-term care costs, coordinating care, reducing institutionalization, and improving quality of life
  - Individualized care plans, care coordination, caregiver support, strong primary care including in the home
  - Affordable cost-sharing related to income
  - Home and community based social services for beneficiaries at risk of institutionalization
  - Accelerate testing and spread of CCOs
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“Payment: the Long Hard Road from Cost and Charge Based Reimbursement to Value Based Purchasing”

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