

# **A Reformed Medicare Basic Principles**

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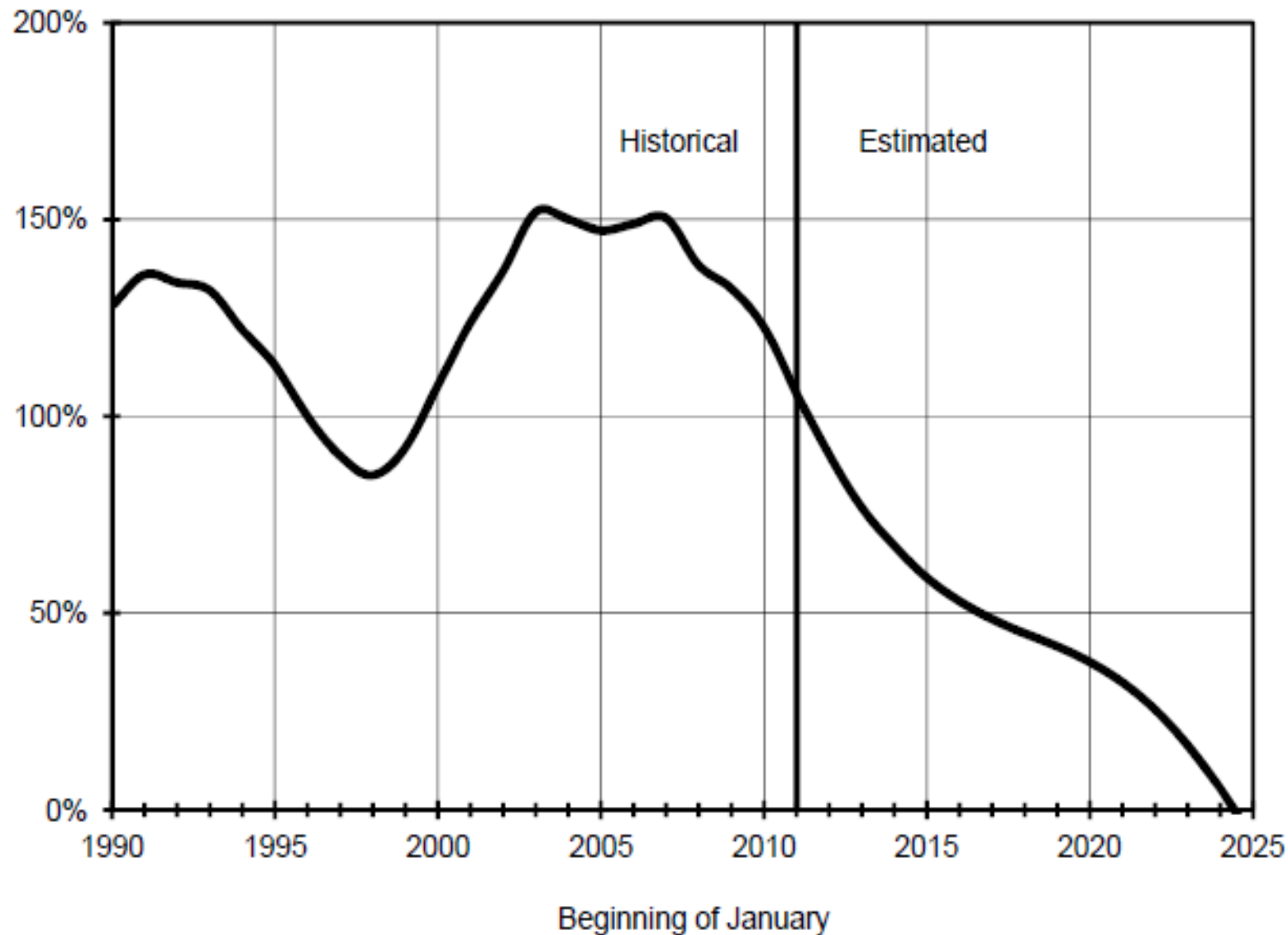
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# Some Basic Principles

1. Near universal eligibility
2. Uniform national program
3. Guaranteed renewable
4. Benefits similar to those of ESI
5. Access to mainstream providers
6. Wide choice (of what? providers? types of delivery systems?)
7. “High” quality
8. Affordable

Must we face tradeoffs among these basic principles in our effort to achieve sustainability?

Figure II.E1.—HI Trust Fund Balance at Beginning of Year as a Percentage of Annual Expenditures



# Noninterest Spending as % of GDP

## CBO Alternative Extended Baseline

### FY2012 vs. FY2037

Fiscal Year	Social Security	Medicare	Medicaid, CHIP, and Exchange Subsidies	Other	Total Noninterest Spending
2012	5.0	3.7	1.7	11.6	22.0
2037	6.2	6.7	3.7	9.6	26.1
Difference	1.2	3.0	2.0	-2.0	4.1

# Annual % Growth in Number of Medicare Beneficiaries and Spending Per-Beneficiary

	# Beneficiaries	Per Ben. Spending
1970-1980	3.4	13.7
1980-1990	1.9	9.8
1990-2000	1.5	5.6
2000-2005	1.4	7.2
2005-2006	1.9	27.3 (RX)
2006-2011	2.3	3.4
2011-2020	3.1	3.0
2020-2030	2.4	4.8
2030-2040	0.9	4.9

# Medicare Results for FY 2012

## Total Medicare

Spending	4.1%
Number of Beneficiaries	3.6
Per beneficiary spending	0.4

## Parts A + B (Fee for Service)

Spending	3.0%
Number of Beneficiaries	2.0
Per beneficiary spending	1.0
(Payment rates	0.1)
(Volume and intensity	0.9)

## Parts C (Medicare Advantage)

Spending	7.8%
Number of Beneficiaries	7.8
Per beneficiary spending	0.0

## Parts D (Prescription Drugs)

Spending	3.6%
Number of Beneficiaries	3.9
Per beneficiary spending	-0.4