

Independent Medicare Commission

Proposal

- The Senate Finance Committee proposal would establish an Independent Medicare Commission to develop and submit proposals to Congress aimed at extending the Medicare program's solvency and improving its quality.
- Each year, beginning in 2013, the Medicare Actuary's Office would make projections about whether Medicare's per-capita spending growth rate in two years will exceed a targeted rate. The spending target would be established by averaging growth rates in the Consumer Price Index (CPI) and the Consumer Price Index for medical care (CPI-M).
- If future growth is expected to exceed the targets, the Commission would make recommendations to Congress on ways to reduce the rate of Medicare spending.
- Spending rate reductions would be established at: 0.5% in 2015; 1.0% in 2016; 1.25% in 2017; 1.5% in 2018; and GDP +1% in 2019 and beyond.
- If Congress fails to pass legislation by August 15 each year to achieve the required savings through other policy changes, the Commission's recommendations would automatically take effect.

Concerns

- The proposal would create a double-jeopardy situation for physicians and non-physician practitioners who are already subject to an expenditure target and potential payment reductions under the Medicare physician payment system.
- Payment rate reductions recommended by the Commission would not be applied in an equitable way to all sectors of the Medicare program.
 - For the first four years of the target system, any cuts recommended by the Commission would not apply to hospitals. Hospice facilities would also be exempt. As a result, potential cuts to achieve required savings would be imposed on only a fraction of the program.
 - The burden of all of the Commission's cuts would fall on the shoulders of the remaining providers – physicians, home health agencies, skilled nursing facilities, Medicare Advantage and Part D prescription drug plans.

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- The proposal runs counter to the principles of accountability and transparency, allowing limited opportunity for public review and comment on the Commission's recommendations. The proposal also lacks flexibility to adjust spending targets to reflect changes in technology, population health, regulatory changes, and so forth.

Recommendation

- If it is retained, the concept of an Independent Medicare Commission must be substantially redesigned to ensure fairness and equity, and to avoid unintended consequences for Medicare patients. Because they are already subject to an expenditure target system, physician services must not be placed in double-jeopardy. Physician services should be exempted from any spending cuts recommended by the new Commission.