

Strategies to improve Medicare and modernize Medicare physician payment

Medicare is under tremendous strain, and significant changes are needed if the program is going to keep its promise of access to needed health care services for today's seniors and the aging baby-boom generation.

Strengthening Medicare will require great effort by all stakeholders as significant changes will be necessary over the long term. Policymakers, physicians, and patients must all take responsibility for nurturing Medicare's transformation to a more sustainable program.

Unsustainable cost growth is Medicare's biggest challenge and policymakers at all levels are looking for ways to restrain costs. The AMA believes physician input is an essential ingredient to viable reform and is therefore working to identify ways to help physicians provide the most effective and efficient possible care for their patients.

Steps to a solution

The AMA has identified several potential areas for reform, and continues to explore new options and refine our vision for a stronger, more viable Medicare program.

Help physicians provide the best and most appropriate care for their patients by implementing Medicare physician payment reforms that:

- Reduce fragmentation and encourage care coordination with payment incentives that support a medical home-type model, facilitate communication among the patient's medical team, reduce duplication and encourage selection of cost-effective treatments.
- Use methods developed in close cooperation with physician organizations to ensure that cost saving strategies do not lead to inappropriate restrictions or limitations on patient care.
- Support experimentation with payment methodologies and incentive structures that reward state, national and local medical organizations and group practices that

design and implement successful cost saving strategies that improve appropriateness of care, reduce unnecessary hospitalizations and avoidable readmissions, and enhance efficiency.

- Modify antitrust laws to permit collaboration between physician practices on health information technology and quality improvement so that they can participate in innovative payment and delivery reforms.

Promote improved physician decision-making by:

- Establishing a mechanism to provide physicians with timely, meaningful and user-friendly information about practice patterns and best practices to enable them to learn from their peers and make the best use of the information at the local level.
- Funding high quality comparative effectiveness research that will improve health care value by providing physicians with objective and reliable information that helps them select the most effective treatment plan based on an individual patient's needs and conditions.
- Leveraging the benefits of health information technology by designing systems that provide relevant, timely and actionable information to help physicians provide the best care for their patients, while providing the resources necessary for physicians to purchase and employ these systems in their practices.
- Supporting physician efforts to develop and implement clinical practice guidelines that promote appropriate utilization of services.

Create incentives and supports that encourage prudent use of care:

- Discourage purchase of secondary insurance that completely insulates beneficiaries from the costs of their care and restructure cost-sharing so that patients have a single premium and deductible for all Medicare services, with out-of-pocket limits to protect against catastrophic costs.

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- Appropriately subsidize low-income beneficiaries' cost-sharing obligations so that cost is not an impediment to receiving necessary care and treatment.
- Develop decision-support tools that help patients evaluate options and select the most appropriate treatment plan.
- Explore the potential for targeted benefit design in Medicare to facilitate more efficient and meaningful approaches to cost-sharing that align incentives for patients to seek appropriate and effective care.

Increase efforts to prevent and actively manage chronic disease:

- Reduce the burden of preventable disease by designing payment and benefit policies that encourage screening and other techniques to identify and treat chronic disease in the early stages.
- Enable physicians to spend more time and resources on counseling patients to make lifestyle modifications such as smoking cessation or dietary changes that have been shown to improve health and health care outcomes.
- Create programs that encourage healthy behaviors early in life, so that Medicare does not have to assume the burden of a lifetime of poor health habits.