

# Strategies to improve Medicare

Policymakers need to begin considering significant changes to Medicare if it's going to keep its promise of access to needed health care services for today's seniors and the aging baby-boom generation. The Congressional Budget Office is projecting that the cost of providing covered services will grow even more than the number of beneficiaries, due largely to rapid advances in medical care.

Medicare's financing structure has some fundamental flaws. As the ratio of retirees grows relative to the working age population, it will become more difficult to finance medical care for seniors. Strengthening Medicare will require ongoing efforts by all stakeholders as significant changes will be necessary over the long term. But steps can be taken to help make Medicare more secure, and the AMA is concentrating its efforts on identifying changes that can be made today to make a better Medicare for tomorrow.

## *Steps to a solution*

The AMA has identified several areas in which reforms are possible, and we continue to explore new options and refine our vision for a stronger, more viable Medicare program.

- Medicare costs are rising because health care costs are rising. To get the best value for our health care spending:
  - Reduce the burden of preventable disease by placing a priority on preventive care and chronic care management.
  - Make health care delivery more efficient by supporting physician efforts to develop and implement clinical practice guidelines that promote appropriate utilization of services.
- Promote improved health care decision making:
  - Support funding for quality comparative effectiveness research that will improve health care value by enhancing physicians' clinical judgment and fostering the delivery of patient-centered care.
  - Leverage 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 employ these systems in their practices.
- Create the right incentives and supports for patients:
  - Restructure beneficiary cost-sharing so that patients have a single premium and deductible for all Medicare services with out-of-pocket spending limits to protect against catastrophic costs.
  - Provide subsidies to help low-income beneficiaries meet their cost-sharing obligations so that cost is not an impediment to receiving necessary care and treatment.
  - 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.
- Offer beneficiaries a choice of plans for which the federal government would contribute the same amount toward the premiums for traditional fee-for-service Medicare or another approved health insurance plan. Plans could vary in benefit design provided they are verified to be actuarially equivalent. Beneficiaries could decide for themselves what level of coverage and cost-sharing fits most comfortably with their needs and resources. Subsidies should be available to help low-income individuals enroll in the plan of their choice.

