

Medicare: Issues and Directions

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Alliance for Health Reform
May 15, 2015

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Medicare Has Achieved its Goals and Been an Innovative Leader for 50 Years

- Medicare beneficiaries' reported access to care exceeds that of those under age 65
- Uninsured rate declined from 48% prior to Medicare to 2% now
- Life expectancy at age 65 increased by five years
- Medicare payment innovations have been widely adopted by other payers and other countries
- The CMS Center for Medicare and Medicaid Innovation is testing cutting-edge payment and delivery system reforms
- Medicare per beneficiary spending has grown more slowly than health spending per capita and growth is currently at historically low rates
- Medicare has a successful insurance exchange with choice of Traditional Medicare and Advantage plans; new 4-5 star program is driving plans and enrollment to higher quality



Medicare Challenges for the Future

- **Fragmented coverage: Part A, Part B, Part D, Medi-gap, Medicaid; confusing to beneficiaries; high administrative cost**
- **Financial burdens on low-and modest income beneficiaries for premiums, cost-sharing, uncovered services**
- **Absence of coverage for home and community based services to help beneficiaries with complex care needs remain in the home, prevent nursing home placement**
- **Provider payment is still largely fee-for-service**
- **Retirement of boomer generation and growth in numbers of enrollees; increased share of federal budget**



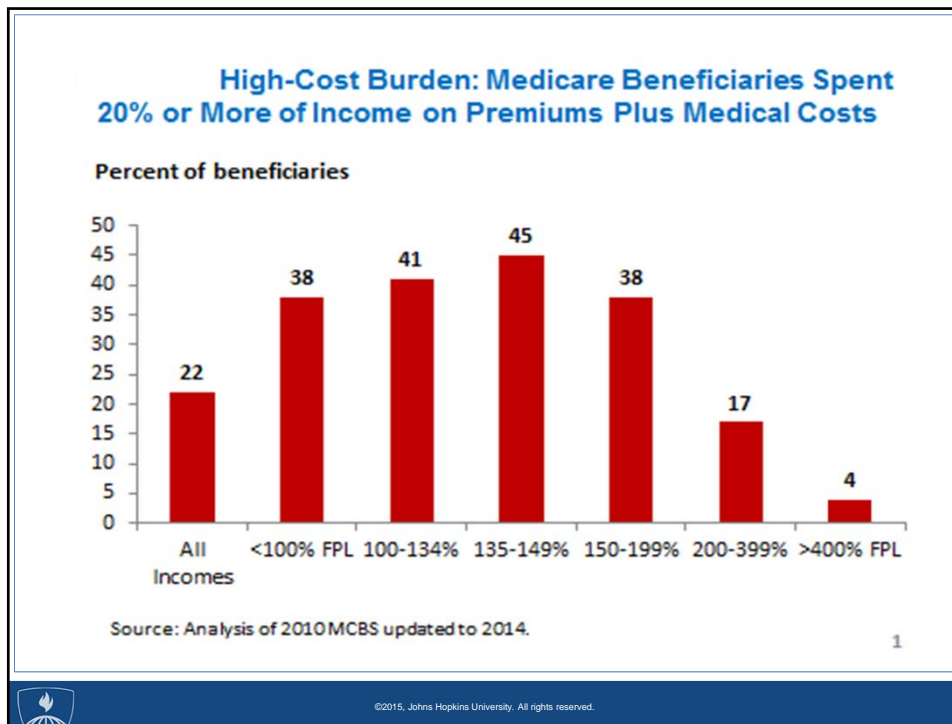
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Benefit Redesign in Traditional Medicare

- **Integration of Traditional Medicare, MediGap, Private Drug Plans, and Medicaid**
 - **Medicare Essential: comprehensive benefits, administrative simplicity and savings**
 - **Sliding scale premium and cost-sharing assistance up to 200% of poverty directly through Medicare**
 - **Beneficiary incentives to obtain care from high-value providers accepting innovative payment methods, value-based benefit design**

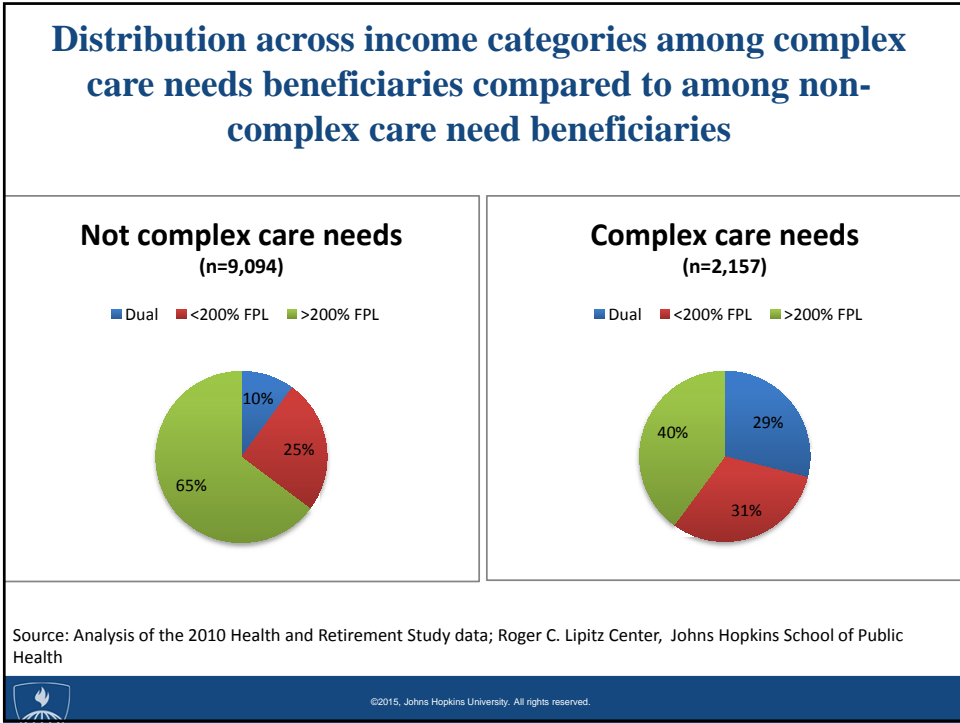


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Improving Medicare for Beneficiaries with Complex Care Needs

- **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**



- ### Comprehensive Medicare Provider Payment Reform
- **New MACRA legislation will propel movement to value-based payment**
 - **Secretary has authority to spread successful CMMI payment methods to all interested and qualified providers**
 - **Learning networks to speed diffusion of best practices**
 - **Price and quality transparency to enact beneficiaries to obtain care from high-value providers**
 - **Align beneficiary financial incentives to accelerate move to value-based payment and high performance providers**
 - **Engagement of private health insurers and Medicaid in adoption of value-enhancing payment methods**
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Medicare Future Reform Agenda

- **Integration of Traditional Medicare into comprehensive benefit plan with reduced cost-sharing and sliding scale premium assistance up to 200% of poverty**
- **Testing new Medicare program for beneficiaries with complex care needs – support independent living, individualized care plans and care coordination, support caregivers and prevent nursing home placement**
- **Reach Medicare value-based payment goals; engage private payers and state Medicaid**
- **Ensure adequate financing for next two decades**

