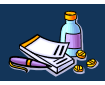
Traditional Medicare has a fairly complicated benefit design and no limit on out-of-pocket spending

Part A 	Part B 	Part D Standard benefit 
Deductible $1,184/spell of illness	**Deductible** $147 in 2013	**Deductible** $325 in 2013
Inpatient hospital No coinsurance, for days 1-60; $296/day, for days 61-90; $592/day, for days 91-150; No coverage after day 150	**Physician and other services** 20% coinsurance	**Initial coverage** 25% coinsurance (up to $2,970 in total drug costs)
Skilled nursing facility No coinsurance, for days 1-20; $148/day for days 21-100;	**Outpatient mental health** 35% coinsurance	**Coverage gap** 47.5% coinsurance for brands, 79% coinsurance for generics between $2,970 and $6,955 in total drug costs
Home health, hospice No coinsurance	**Annual "wellness" visit, clinical laboratory services, home health care** No coinsurance	
	Preventive services No coinsurance for many services, 20% for some	
No limit on cost-sharing for Part A services	**No limit on cost-sharing for Part B services**	**Catastrophic coverage** Minimum of $2.65/generic, $6.60/brand, or 5% coinsurance above $4,750 in out-of-pocket spending

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Why restructure Medicare's benefit design?

- To achieve Medicare savings
- To simplify Medicare cost sharing
- To protect against catastrophic expenses
- To reduce the need for supplemental insurance
- To encourage the use of high-value services
- To strengthen financial protections for low-income beneficiaries

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