

Strengthen and Modernize Medicare: Create a Next-Generation Medicare Program that Meets the Unique and Increasingly Complex Needs of America's Seniors

The Medicare program, currently serving 56 million beneficiaries, is expected to grow to cover 75 million beneficiaries over the next ten years, with total Federal spending reaching \$1.4 trillion. The impact of continued enrollment growth and increasing costs is contributing to the program's anticipated insolvency by 2028 – two years before Medicare reaches its own 65th birthday.

With 11,000 new individuals entering the Medicare program each day and 66% of all beneficiaries living with three or more chronic conditions, the Original Medicare program is under significant stress. The confluence of these factors, coupled with an outdated program structure, will cause annual Medicare costs to reach nearly \$18,000 per beneficiary on average by 2025.

Approximately 70% of Medicare beneficiaries are enrolled in Original Medicare – an antiquated, volume over value approach that encourages wasteful spending, fails to promote efficiency, and under-delivers for our Nation's growing Medicare population. Original Medicare requires immediate solutions that reduce costs, improve quality, and modernize the health care experience for seniors.

Medicare Advantage, meanwhile, is delivering superior results to over 18 million beneficiaries, including 37% who have fixed annual incomes at or below \$20,000. The program's approach leverages private sector solutions that improve quality and reduce costs to meet seniors' health care needs. In fact, 68% of beneficiaries are currently in plans rated 4 stars and above, and 91% of beneficiaries report they are satisfied with Medicare Advantage.

While Original Medicare faces long-term sustainability challenges, Medicare Advantage is providing proven innovation in an effective and consumer-friendly manner. Medicare Advantage's high-quality, coordinated care approach results in beneficiaries experiencing 20% fewer hospital readmissions and a 20% increase in annual preventive care visits as compared to beneficiaries in Original Medicare. Beneficiaries enrolled in Medicare Advantage also receive financial protections not available in Original Medicare, such as reduced premiums and an out-of-pocket maximum, which provide needed financial security and predictability.

Despite the growing evidence that Medicare Advantage is outperforming Original Medicare, the Medicare Advantage program has been cut by 12% since 2010 – by both legislative and regulatory actions – undermining the very innovation, solutions, and results that serve as a model to modernize the Medicare program as a whole. The sustained underfunding of Medicare Advantage not only harms seniors but also harms employers, providers, governments, unions, and the health care system as a whole.

Strengthen Medicare Advantage

Policies that strengthen Medicare Advantage's ability to reach its full potential in the marketplace are necessary to improve seniors' health, reduce health care costs, and improve productivity of the health care system. Specific solutions include:

Ensuring Stable, Adequate, and Predictable Funding for Medicare Advantage

- **Ensuring sustainable and appropriate funding** during the annual regulatory rate-setting process;
- **Ensuring the risk adjustment system adequately and accurately reflects the costs** of delivering care;
- **Establishing a multi-year rate setting process** to allow for more predictable and stable offerings; and
- **Improving the simplicity and transparency of Medicare data.**

Building Upon and Improving the Medicare Advantage Program

- **Eliminating the ACA's Medicare Advantage Benchmark Cap**, that reduces or eliminates quality bonuses for high-performing plans, which undermines advancements in paying for quality, reduces the incentive to improve quality, and disproportionately impacts 3 million Medicare Advantage beneficiaries;
- **Protecting comprehensive in-home primary care visits** that improve continuity and management of care;
- **Promoting customized, targeted beneficiary care by permanently authorizing Special Needs Plans;** and
- **Allowing Medicare Advantage the flexibility to offer customized benefits and cost sharing** to targeted beneficiaries who fall within certain clinical categories (i.e., diagnosed with certain chronic diseases) or social determinants (i.e., low-income beneficiaries and/or those living in rural areas).

Modernize Original Medicare

Modernizing Original Medicare is necessary to address the key challenges facing the program. Specific solutions include:

Providing All Medicare Beneficiaries with Proven Value-Based Care to Improve Health Outcomes

- **Providing beneficiaries with access to proven care management programs** including evidence-based prevention and wellness programs, transitional care management programs, care coordination, and advanced illness, telehealth, and digital health services;
- **Requiring integrated services**, including disease management programs, palliative approaches, psychological care, and social services to help beneficiaries live in the setting of their choice;
- **Expanding utilization of real-time predictive modeling tools and comprehensive patient encounter data** to identify appropriate evidence-based interventions; and
- **Developing an alternative funding model for in-home primary care delivered by providers**, including nurse practitioners, to reduce barriers to care and address clinical, environmental, and social determinants of health. This model should include a physical and behavioral assessment and medication review with results shared electronically with the beneficiary and providers to ensure appropriate follow-up and seamless care delivery.

Modernize Original Medicare, cont'd

Fostering Innovation and Empowering Beneficiaries to Engage in Healthy Decision-Making

- **Providing funding for proven lifestyle intervention programs, community-based activities, and consumer-friendly tools** that prevent the onset of chronic disease;
- **Establishing Medicare-specific Health Savings Accounts (HSAs)** and authorizing Medicare beneficiaries to save before and during retirement for Medicare-related out-of-pocket costs;
- **Expanding the use of beneficiary incentives** to help seniors receive appropriate preventive services, participate in wellness programs, make healthy choices, and engage with programs that identify and manage disease earlier; and
- **Modernizing and standardizing quality measurement across the Medicare program by:**
 - Aligning and synchronizing quality measures across all Medicare benefit options;
 - Utilizing quality measures focused on clinical outcomes; and
 - Offering consumers access to timely, actionable information for decision-making by ensuring all quality measurement information is publically available in a user-friendly format.

Improving Original Medicare's Existing Infrastructure to Ensure the Sustainability of the Medicare Program

- **Expanding value-based payment approaches** to promote quality among providers and remove the incentive for high-cost, low-value services;
- **Utilizing means testing** to support the long-term stability of Medicare;
- **Providing beneficiaries simple, consumer-friendly information** to make comparisons on quality and price;
- **Requiring that providers submit public, timely, and accurate directory information** to allow consumers to identify doctors, treatment facilities, and other care providers; and
- **Authorizing Part D's utilization of innovative tools and data analytics** to connect beneficiaries to appropriate clinical care.

At UnitedHealth Group, we help solve the world's health care challenges and improve health care for all – care recipients, providers and payers alike. This is achieved through two distinct business platforms: UnitedHealthcare, a health care benefits company, and Optum, a health services and innovation company. Collectively, these distinct yet connected capabilities allow us to improve access to care, achieve higher quality care, reduce costs, increase transparency, and ultimately produce superior health outcomes. This commitment to innovation and momentum for change inspire the women and men of UnitedHealth Group to continuously help people live healthier lives and make the health system work better for all.

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