

# Modernize Medicare

Promote and expand proven private-sector best practices to improve outcomes, reduce costs, and enhance the beneficiary experience

Today, Medicare represents 20 percent of all health care spending in the United States and serves 17 percent of the total population, over 60 million Americans. Medicare spending is expected to nearly double over the next ten years. The growing enrollment challenges facing Medicare add financial pressure on the program when it is already underserving beneficiaries' health coverage needs – only 10 percent of Medicare beneficiaries today rely solely on Medicare Fee-For-Service (FFS) coverage, while the remaining 90 percent of beneficiaries enroll in additional coverage.

While Medicare FFS has undergone incremental reforms since the program was created in 1965, it has failed to keep pace with private-sector best practices. Medicare FFS is still largely rooted in a volume over value approach that rewards wasteful spending and often fails to deliver access to high quality, affordable, health care.

Meanwhile, Medicare Advantage (MA) is maximizing opportunities to deliver private-sector best practices and innovations in an effective and consumer-friendly manner. Beneficiaries in MA have experienced improved outcomes compared to Medicare FFS, with a 20 percent reduction in hospital readmissions and a 20 percent increase in primary care visits. MA has doubled in enrollment since 2010 and 94 percent of MA beneficiaries are satisfied with their coverage.

The Medicare program requires solutions that modernize Medicare FFS and build upon the successful public-private partnership of MA to enable high quality, affordable care – maximizing value for beneficiaries and the Federal Government.

## Promote High-Value Providers and Care Delivery

- Expand Medicare value-based payment approaches including outpatient and inpatient bundled payments, primary care models, and at-risk Accountable Care Organizations (ACOs).
- Require Medicare providers to achieve premium designation based on quality and cost efficiency – which has been shown to reduce medical spending by 6 percent – and make performance data available to beneficiaries.
- Improve performance-based incentive models by:
  - Supporting providers to improve performance each year and providing greater financial opportunity as quality improves; and
  - Expanding beneficiary incentives to allow for reduced cost sharing and additional benefits for beneficiaries seeking care at an appropriate setting and/or engaged in care management and wellness programs.
- Enable utilization of high-value sites of care by:
  - Allowing Ambulatory Surgery Centers to perform procedures through bundled payments;
  - Creating a value-based, capitated payment for FFS beneficiaries residing in a Skilled Nursing Facility that receive personalized care coordination services by Advanced Practice Clinicians; and
  - Expanding telemedicine by eliminating the originating site requirement to support patient engagement, real-time clinical support, and complex care management.



**\$500 billion**

over ten years of Federal savings could be achieved by modernizing Medicare FFS



**Beneficiaries in MA spend 40%**

less than beneficiaries in Medicare FFS



**\$700 billion**

projected increase in Medicare spending by 2028

## Advance Care Coordination

- Expand payment for a full range of care coordination services including: in-home primary care, evidence-based prevention and wellness programs, transitional case management programs, and advanced illness, telehealth, and digital health services.
- Expand FFS payment to include proven lifestyle intervention programs that prevent chronic disease.

## Leverage Data Analytics and Technology

- Create an interoperable Medicare system powered by data that leverages proven provider and consumer incentives, and evidence-based medicine by:
  - Leveraging data sets to enable consumers a holistic view of health;
  - Enabling data analytics and predictive modeling tools to connect beneficiaries with the “next best” action; and
  - Allowing beneficiaries to access Medicare FFS provider performance and cost data.

## Enhance the Consumer Experience and Promote Choice

- Develop a Medicare FFS alternative payment 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.
- Expand and enhance Value-based Insurance Design in MA by customizing cost sharing and additional benefits based on an individual’s clinical profile.
- Reduce the number of restrictions on MA beneficiary incentives by:
  - Creating opportunities for MA plans to offer new members different or higher rewards;
  - Providing up front incentives; and
  - Allowing Part D plans to offer customized rewards and incentives to promote healthy outcomes.
- Establish Medicare-specific Health Savings Accounts (HSAs) and enable Medicare beneficiaries to save before and during retirement for Medicare-related out-of-pocket costs.
- Modernize Employer Group Waiver Plans (EGWPs) by:
  - Allowing associations and other organizations to collectively purchase an EGWP option;
  - Permitting simultaneous enrollment in EGWP MA and individual retirees’ Part D; and
  - Enabling greater flexibility to align cost sharing with retirees’ previous commercial coverage.