

# Internal medicine physician specialists release policy paper on reforming Medicaid

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A dozen recommendations to ensure that Medicare beneficiaries have access to high-quality, coordinated care were provided today by the American College of Physicians (ACP). The new policy paper, Reforming Medicare in the Age of Deficit Reduction, was released at Internal Medicine 2012, ACP's annual scientific meeting.

"This position paper considers the potential advantages and disadvantages of proposals to reform Medicare in an attempt to quell rising Medicare/health care costs. Options such as transforming Medicare into a premium support program, increasing the Medicare eligibility age, and applying income-based Medicare premiums are discussed." Virginia L. Hood, MBBS, MPH, MACP, president of ACP said "We have long supported efforts to ensure that [Medicare beneficiaries](#) have access to affordable, high quality, coordinated care, so want to have evidence that a revised system would meet these criteria."

The Medicare program is a defined benefit, where enrollees receive guaranteed financial contributions for a package of health benefits. Some proposals to reform the Medicare system would transform the Medicare program to a defined contribution (or premium support) program, where beneficiaries would receive a finite amount of financial assistance to purchase health insurance.

"Too little is known today about the impact of a Medicare premium support on patient access to care for a risky decision to be made to

transition away from the current guaranteed benefit structure," cautioned Dr. Hood. "Rather than rushing a decision, we propose testing a premium support program on demonstration project basis, with strong protections to ensure that costs are not shifted to enrollees to the extent that it hinders their access to care. Until we have reassuring data from pilots, ACP can't support adoption of this model, just as physicians would not recommend a new treatment to our patients without data from clinical trials on potential benefits and harms."

ACP also commented on proposals to advance the age when persons would be eligible for Medicare from age 65 to age 67, suggesting that this could open up a "coverage gap" unless alternative programs to provide coverage for people who would have to wait two years longer to become eligible for Medicare. For instance, Congress could give people between the ages of 55 and 67 the option of buying into Medicare.

"As an alternative to proposals to shift costs to beneficiaries, many of whom cannot afford to pay more, Medicare should adopt policies to reform payment and delivery systems that get at the true drivers of rising Medicare costs," continued Dr. Hood.

ACP specifically offered these recommendations for ensuring Medicare's solvency, reducing costs, and maintaining access to affordable care for beneficiaries:

- The Medicare program must lead a paradigm shift in the nation's health care system by testing and accelerating adoption of new care models that improve population health, enhance the patient experience, and reduce per-beneficiary cost.
- To improve the way health care is delivered and ensure the future of primary care, the College recommends that Medicare accelerate adoption of the patient centered medical home model and provide severity-adjusted monthly bundled care coordination

payments, prospective payments per eligible patient, fee-for-service payments for visits, and performance assessment-based payments tied to quality, patient satisfaction and efficiency measures.

- ACP does not support conversion of the existing Medicare defined benefits program to a premium support model. However, ACP could support pilot-testing of a defined benefit premium support option, on a demonstration project basis, with strong protections to ensure that costs are not shifted to enrollees to the extent that it hinders their access to care.
- ACP supports policies to ensure that Medicare Advantage plans are funded at the level of the traditional Medicare program.
- The Medicare eligibility age should only be increased to correspond with the Social Security eligibility age if affordable, comprehensive insurance is made available to those made ineligible for Medicare.
- ACP supports continuing to gradually increase Medicare premiums for wealthier beneficiaries as well as modest increases in the payroll tax to fund the Medicare program.
- Congress should consider giving Medicare authority to redesign benefits, coverage and cost sharing to include consideration of the value of the care being provided.
- ACP supports combining Medicare Parts A and B with a single deductible under specified circumstances.
- Supplemental Medicare coverage – Medigap plans – should only be altered in a manner that encourages use of high quality, evidence-based care and does not lead Medicare beneficiaries to reduce use of such care because of cost.
- Medicare should provide for palliative and hospice services, including pain relief, patient and family counseling, and other psychosocial services for patients living with terminal illness.
- The costs of the Medicare Part D prescription drug program should be reduced by the federal government acting as a prudent

purchaser of prescription drugs.

- Congress should amend the authority for an Independent Payment Advisory Board in specified ways, including giving Congress the right to approve or disapprove the board's recommendations by a simple majority.

"Many of the reforms proposed by members of Congress and the various deficit reduction commissions would either directly or indirectly increase the financial burden for which Medicare beneficiaries are responsible," Dr. Hood concluded. "Increasing cost-sharing responsibilities on Medicare beneficiaries – many of whom are retired and must survive on a fixed income – may encourage more cautious use of services but not necessarily those that are most appropriate for their health. Also, there is no guarantee that such changes will slow the nation's rising [health care costs](#), which are driven by technological advancements, growth in prices for health care services, and a number of other factors. ACP is concerned that any [Medicare](#) reform efforts must ensure a balance between maintaining access to medically necessary care and reducing wasteful and limited value care."

Provided by American College of Physicians

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