Hands Off Our Medicare!

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Protecting Medicare from the Deficit Commission's Recommendations

Our deficit crisis is really a health care crisis. We cannot control the deficit when health care costs continue to sky rocket out of control. The recommendations from the Co-Chairs of the National Fiscal Commission on Responsibility and Reform, aka the Deficit Commission, will actually impair Medicare rather than strengthen it because they don't effectively deal with cost. The proposal:

1) **Shifts health care cost onto the backs of patients** — Increasing cost sharing is merely a polite term for what it really is – making patients pay more out of pocket for health care. This Commission proposal includes hundreds of billions of additional Medicare cuts, over $100 billion of which will come ***directly*** out of the pockets of seniors in the form of increased cost-sharing. The average senior is already spending 30% of his/her Social Security benefit on Medicare Part B & Part D out-of-pocket costs alone; this proposal would increase that amount.[1]

2) **Reduces Provider Reimbursements** — This proposal includes a new round of cuts in Medicare provider reimbursements before reforms in the health care law have even been implemented, which could leave seniors without access to affordable health care. Patients will be negatively impacted when physicians' practices are closed to new Medicare patients.[2]

3) **Motivates physicians to drop Medicare patients in favor of the privately insured.** The co-chairmen propose strengthening the pending Independent Payment Advisory Board (IPAB). The board is being given the task of reducing payments in the traditional fee-for-service Medicare program, and has been provided with considerable leverage to impose those changes. Reducing fees in the Medicare program without changing fees paid by private insurers will surely motivate physicians to drop Medicare patients in favor of those privately insured. Strengthening IPAB will only compound this differential. We do need an IPAB that has a mission, not to simply reduce payments, but rather to set payments based on value. But, to be effective, an IPAB would have to have influence over the entire health care delivery system. That would be possible with a single payer system, but not with our current fragmented system of financing health care.[3]

4) **Punishes patients** - Another disingenuous recommendation is to reward physicians for meeting spending targets by reducing their rates further. Disgruntled physicians lack incentives for high quality performance. A "back-up-sequester" (when IPAB recommendations are not adopted) to increase premiums or reduce provider payments is punitive to both patients and physicians and could further impair patients' access to care.[4]

5) **Doesn't address total health care spending** - Although the deficit commission is fixated on the federal budget, what really matters in health care is that our total spending is brought under control – both private and public combined. If we are paying a reasonable amount for all health care combined, then it really doesn't matter that most of it would appear in the federal budget. It's still our money whether we pay it directly or pay it as taxpayers.

6) **Ignores efficiency and equity** - It would be much more efficient and equitable if our national health expenditures were funded through progressive tax policies. We could do that very easily if we simply improved Medicare and then provided it for everyone. This will stabilize the health care component of our federal budget, while simultaneously increasing jobs and work force health.

7) **Doesn't make Medicare sustainable for future generations** – The Deficit Commission's recommendation will further weaken Medicare making it more vulnerable to privatization and cut of benefit. A single-payer Medicare for All system is the best way to save Medicare by creating one risk pool, allowing for meaningful cost controls such as negotiated drug prices and global budgeting for hospitals. This system will save 400 billion dollars a year in administrative waste, savings which can be used to provide health care for the uninsured and underinsured. [5]

[1] http://www.ncpssm.org/news/archive/cut_social_security/

[2] http://www.ncpssm.org/news/archive/cut_social_security/

[3] http://pnhp.org/blog/2010/11/10/deficit-commission-co-chairs-proposal/

[4] http://www.pnhp.org/news/2010/november/more-on-the-deficit-commission%E2%80%99s-co-chairs%E2%80%99-proposal

[5] http://www.pnhp.org/news/2009/april/testimony_of_david_u.php