



Medicare: Fiscal Challenges

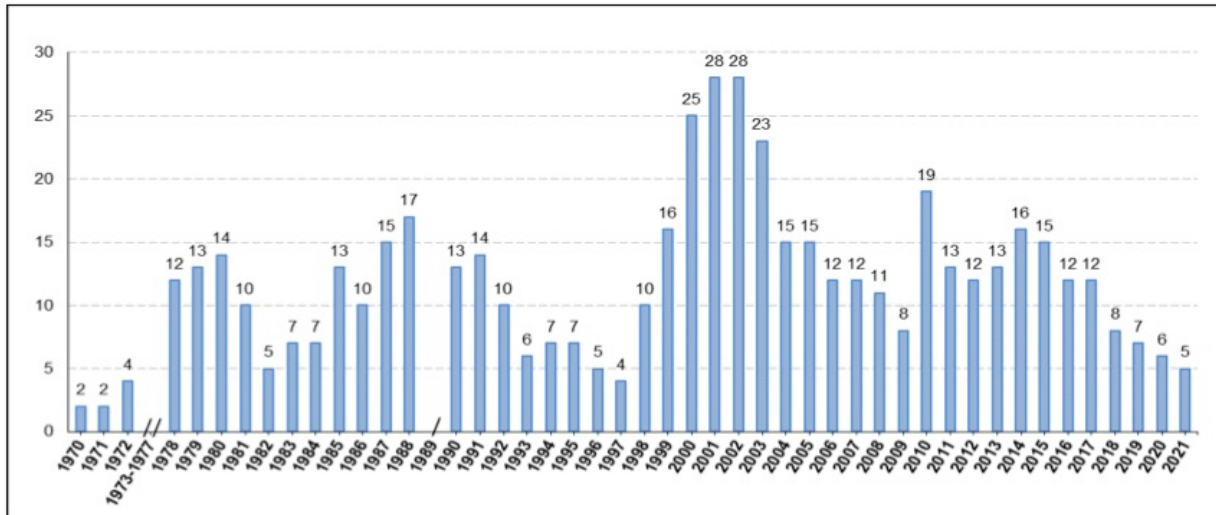
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MEDICARE ANALYSIS PREDICTS INSOLVENCY OF THE FUND BY 1990



By Robert Pear, Special T
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Figure 1. Projected Number of Years Until Medicare HI Trust Fund Insolvency



Sources: Intermediate projections of various Medicare Trustees Reports, 1970-2021.

Note: No specific estimates were provided by the Medicare trustees for years 1973-1977 and 1989.

What If We Ran Our Personal Finances This Way?

Takeaways

- COVID-19 was terrible –
- Recent Health Reform efforts are largely unsuccessful:
 - 30 years of delivery system reform efforts...
 - FFS price controls failed to control expenditure growth
 - A decade after its inception CMMI has not bent the Medicare program's cost curve

No Wonder Medicare is Expensive

Feature	FFS	MA
Provider Network Inclusion	99%	41% (average)
Network Design	Any Willing Provider	PFFS, PPO, HMO
Price Negotiation	(-) Providers cannot negotiate price	(+) Providers negotiate price
Utilization Review	No*	Yes
Members Enrolled Until Their Departure	Yes	
Pharmacy Benefit Manager	Managed Competition Model	

Increase revenue

and/or

Cut expenditures

and/or

Apply “other” levers



Programmatic Reforms



- **Transform CMS**
 - Plan operator -> market regulator
- **Risk-adjusted capitation**
 - The beginning of meaningful a budgetary framework
- **Reform MA**
 - Implement competitive bidding inclusive of FFS
 - Create a pragmatic comparison for MA v. FFS
 - Change default enrollment to MA