# MAJOR MEDICARE POLICIES UNDER CONSIDERATION

| POLICY | BREAUX-THOMAS | STATUS |
|---|---|---|
| **Increasing Competition in Medicare** | | |
| Allowing traditional Medicare to use competitive, efficient private payment policies | Yes | Recommending yes |
| Adopting premium support to make HMO & traditional plan payments more competitive | Yes | Recommending reject Breaux-Thomas model but considering competition options that protect traditional Medicare |
| **Reducing Medicare's Costs** | | |
| Raising Medicare's eligibility age | Yes | Recommending no |
| Extending/modifying BBA policies | Yes | Considering addressing concerns of providers while still achieving savings |
| Ending Medicare funding / liability for graduate medical education | Yes | Considering including all-payer proposal |
| **Modernizing Medicare's Benefits** | | |
| Adding a voluntary Medicare prescription drug benefit | No (Medicaid) | Recommending yes (multiple designs under consideration that are much less costly than Kennedy-Rockefeller) |
| Rationalizing cost sharing | | |
| Adding copays:<br>Home health (10% coinsurance)<br>Laboratory services (20% coinsurance)<br>Nursing homes (20% coinsurance) | Yes | Recommending yes, but with lower, capped home health copay and lower nursing home copay |
| Reducing copays:<br>Preventive services<br>Hospital copays after 60 days | Yes | Recommending yes on preventive, no on hospital copays, since affects few people & savings needed for drugs |
| Changing Medicare's deductibles | Yes | Under consideration |
| Prohibiting Medigap coverage of deductible | Yes | Under consideration, but optional |
| Medicare buy-in for certain 55 to 65 year olds | No | In budget, assumed in plan |
| Reformed review process for approving new technology/alternative therapies | Yes | Recommending administrative actions, but not recommending overhaul of HCFA which is in Breaux-Thomas |
| **Improving Medicare's Financing** | | |
| Dedicating part of surplus for Medicare | No | In budget, assumed in plan |
| Adding income-related premium | No | Recommending yes |
| Dedicating funds from Medicare tobacco suit | No | Under consideration (Senator Graham) |
| Additional tobacco revenue | No | Under consideration (Wyden, Snowe) |

## MAJOR ISSUES AND POLICIES

A large number of policies, goals, and outcomes could be considered in designing a plan to strengthen and improve Medicare. The following is a preliminary list of the key questions that we have been using to assist us in developing options.

- **Competitive Options**
    - What competitive reforms should be added to the traditional program
    - Should new, competitively-set payments be applied to Medicare managed care -- even at the risk of being equated with Breaux-Thomas – as long as the traditional Medicare premium is protected
- **Savings Options**
    - What is a viable level of provider savings; beneficiary savings
    - What is the ideal ratio of beneficiary savings to provider savings
    - What is the ratio of total Medicare reform savings to drug costs
- **Drug Benefit Design**
    - How much should the premium be subsidized / target drug premium for beneficiaries
    - What is the best mix of deductibles, copayments, and benefit caps
    - How comparable should the benefit design be to plans in market today
- **Outside Financing (If Competitive & Savings Options Don't Totally Offset Drug Costs)**
    - How much, if any, of the surplus should be used for the drug benefit? If any, what should be the ratio of surplus to Medicare savings / beneficiary contributions
    - Are there any additional, acceptable financing sources
- **Impact on Trust Fund**
    - What is the target extension of Trust Fund solvency