

# **HEALTHCARE**

## **NEWS AND INFORMATION**

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*Healthcare: News and Information* is a service of the Healthcare Leadership Council (HLC) to help our readers stay fully informed about the latest healthcare issues as we work to advance a high-quality healthcare system.

Jim Edwards, Editor

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## **Medicare Trustees Project Sooner Fiscal Problems**

**The new annual report on Medicare's financial health has painted a worsening picture for this program's future. It highlights the need for smart health reforms.**

- This program is expected to run out of money in 2017. That's two years sooner than trustees estimated just last year.
- While the economic recession factors into this situation, it points to the need for covering more, younger people with quality healthcare and following a new course of prevention.
- Health leaders have called for just that kind of approach to health reform.

**What a difference a year makes. Medicare Part A now faces deficit spending fully two years sooner than thought a year ago.**

- The Medicare trustees recently reported the hospital trust fund will run a deficit starting in 2017.
- The recession was cited as the primary cause for the fiscal crisis date's moving up by two years. Because Medicare operates on a pay-as-you-go basis, it spends today's payroll taxes on today's beneficiaries.
- With the loss of 6 million jobs since the beginning of the recession in December 2007, fewer workers are earning paychecks from which Medicare taxes come.

**If younger Americans were kept healthier, when reaching that age they'd likely need less of the expensive healthcare the elderly often need.**

- A preventive approach like this makes more sense than financially squeezing hospitals, doctors and other providers.
- Medicare already pays providers less than the actual costs of their services. As a result, more medical practitioners refuse to see new Medicare patients. Underpayment also causes cost-shifting onto private payers.

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- Expanding access to health coverage is part of the solution. But so is changing Medicare's payment system. Payments should give providers incentives for coordinating care and evidence-based medicine. Smarter incentives in the reimbursement system would cut down on overtreatment and undertreatment — and their associated costs.
- Similarly, emphasizing wellness and disease prevention at all ages would curb excessive costs — without arbitrary provider payment cuts and other meat-cleaver tactics.

**Medicare's deteriorating financial condition greatly concerns all of us. The solution involves adopting new, smarter incentives and prevention and wellness strategies. We owe this to ourselves as a nation and to our nation's seniors, who count on Medicare.**

*The Healthcare Leadership Council, representing the innovators in each sector of the healthcare industry, is committed to advancing a market-based healthcare system that values innovation and provides affordable, high-quality care.*

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