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Health Industry Leaders Recommend Over $410 Billion in Healthcare Savings to Congressional "Super Committee"

CEOs From All Health Sectors Call for Creation of New "Medicare Exchange" to Reduce Costs Through Competition, Raising of Medicare Eligibility Age, Changes in Medicare Cost-Sharing, Enactment of Medical Liability Reform

WASHINGTON – Leaders from many of the nation's leading healthcare companies and organizations today called upon the so-called congressional "super committee" to include in its deficit reduction proposals a set of reforms that would not only generate over $410 billion in savings over 10 years, but would also strengthen Medicare's long-term sustainability.

Members of the Healthcare Leadership Council – chief executives from for-profit and non-profit companies representing all sectors of American healthcare – today endorsed reform recommendations that, according to HLC President Mary R. Grealy, "will contribute to deficit reduction without placing an unfair or disproportionate burden on patients, healthcare consumers or our most vulnerable citizens."

Ms. Grealy said the goal of HLC members is also to advocate reforms that address Medicare's shrinking window of financial solvency. "This 'super committee' process is a unique opportunity to do more than simply chop away at budgets. Rather than swing a conventional ax, why not take the bold step of pursuing reforms that save money while confronting the entitlement challenges that become more difficult to solve the longer we wait," she said.

The group's recommendations to the "super committee" include:

- **Create a new "Medicare Exchange" in which private plans would compete on the basis of cost, quality and value.**

HLC members acknowledged the proposed Exchange would inevitably be compared to the Medicare reform concept contained in Congressman Paul Ryan's (R-WI) proposed budget. Differences, however, include the fact that Medicare beneficiaries would have the option of staying in traditional fee-for-service Medicare and there would be a more generous inflation factor – growth in GDP plus one percent – for premium subsidies.

Ms. Grealy said Medicare beneficiaries should have the same freedom of choice as Medicare Part D prescription drug program participants, federal employees and members of Congress participating in the Federal Employees Health Benefits Program, and those who will utilize the new state-level health insurance exchanges created as part of the Affordable Care Act. She said the competitive environment will require healthcare providers, plans, manufacturers and distributors to achieve greater cost-efficiencies while still offering quality and value to beneficiaries.

"If given the choice between deeper provider cuts, which will reduce patient access to care, and reducing costs by using consumer choice to incentivize cost-effective innovation, it doesn't seem like a difficult decision," she said.

- **Gradually increase the Medicare eligibility age from 65 to 67.**

This transition would mirror the increase in the Social Security retirement age and reflect today's longer average lifespans. The increase would be implemented over roughly a decade, raising the eligibility age by two months annually.

The shrinking ratio of active workers to Medicare beneficiaries makes this change inevitable, Ms. Grealy said. Plus, the Affordable Care Act makes such a change possible in that Americans in their mid-60s not yet eligible for Medicare would be able to purchase health insurance on the new state exchanges without their health status affecting their ability to acquire coverage.

- **Reform Medicare's cost-sharing structure**

One reform would involve making the Medicare Part A and Part B beneficiary cost-sharing uniform, with a reasonable deductible and co-pays as well as a cap on annual out-of-pocket costs. This, Ms. Grealy said, would make Medicare costs more predictable and consistent for beneficiaries while also ensuring that seniors wouldn't be devastated by catastrophic care costs or faced with limits on hospital stays.

The other reform would be a requirement that individuals with annual incomes of $150,000 and up pay their full premium costs for Medicare Parts B (physician services) and D (prescription drug benefit). This would affect less than three percent of Medicare beneficiaries, Ms. Grealy said, and would generate budget savings while protecting financially vulnerable beneficiaries.

- **Implement medical liability reform**

HLC members said the "super committee" should recommend liability reform measures including a cap on non-economic damages in medical malpractice cases, a one-year statute of limitations from the point of injury to the filing of litigation, and a "fair share" rule to have defendants pay damages commensurate with their responsibility for the injury involved.

Understanding the partisan difficulty in advancing tort reform legislation, Ms. Grealy said her organization would be open to alternative approaches including linking liability protections to healthcare providers' use of health information technology and practice of evidence-based medicine.

The four recommendations would generate just over $410 billion in budget savings over a 10-year period, based on Congressional Budget Office estimates and other published budget projections.

The Healthcare Leadership Council is submitting the recommendations in writing this week to members of the “super committee” as well as the leadership of both parties in the Senate and House.

The Healthcare Leadership Council is a coalition of chief executives from companies and organizations representing all sectors of American healthcare.

For more information about HLC, visit www.hlc.org. Also, find us on Twitter at www.twitter.com/healthinfocus and read HLC's Prognosis Blog at www.prognosisblog.com.

HLC Members

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(Alphabetized by Company)

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