

# NEWS RELEASE

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**New Report: Modernizing Medicare and Medicaid Could Improve Patient Health – and Save the Federal Government \$542 Billion Over the Next Decade**

- *Solutions come as policymakers debate entitlement reform, including Medicare and Medicaid, and seek deficit reduction*
- *“Third strategy” adopts best practices as an alternative to simply cutting benefits or provider payments*
- *Savings include: comprehensive care management services in traditional Medicare save up to \$202 billion; Coordinated care for dual-eligible Medicaid and Medicare beneficiaries saves an additional \$157 billion*

**WASHINGTON (Jan. 9, 2013)** – The federal government, confronting an enormous fiscal challenge, could save up to \$542 billion in Medicare and Medicaid spending over the next 10 years through a proven “third strategy” for modernizing health care and improving patient outcomes, according to a new report by UnitedHealth Group’s (NYSE: UNH) Center for Health Reform & Modernization.

The current national debate about Medicare and Medicaid has largely centered on either cutting patient benefits or cutting provider payments. This report analyzes a third strategy: unlocking savings through applying best practices for improved prevention, care coordination and payment reform to Medicare and Medicaid. Around 75% of the nation’s roughly \$1 trillion of Medicare and Medicaid annual spending still relies on outdated indemnity-style benefits and siloed fee-for-service provider reimbursement.

“Real world evidence now shows that Medicare and Medicaid can be modernized, helping deal with the massive fiscal threat the country faces, in a way that is a win-win for people who depend on these critical programs, and for the taxpayers who fund them,” said Simon Stevens, chairman of the UnitedHealth Center for Health Reform & Modernization, executive vice president of UnitedHealth Group, and one of the paper’s authors.

Drawing on research data, results from programs already being implemented by the most innovative employers and states, and UnitedHealth Group’s experience as the nation’s largest commercial, Medicare and Medicaid health plan, the report provides a menu of individual savings options, as well as a combined estimate of net savings from comprehensive Medicare and Medicaid modernization.

The report, “Medicare and Medicaid: Savings Opportunities From Health Care Modernization,” includes the following policy solutions and reforms:

*Making available to seniors in traditional Medicare the health programs and incentives similar to those used by the most innovative large self-insured national employers.* These include transparent information about high-quality and efficient providers, with opportunities and incentives for consumers to share in savings from making smart choices. The federal government could save \$202 billion by providing care management services to seniors enrolled in traditional fee-for-service (FFS) Medicare who are not also Medicaid-eligible. This approach would transform the traditional FFS Medicare program by adopting administrative support services similar to those used by many large self-insured employers.

*Expand use of coordinated care for dual-eligible Medicare and Medicaid beneficiaries:* Full integration of Medicare and Medicaid benefits for the dual-eligible population could yield savings of \$153 billion for the federal government. Under this approach, all states would enroll their dual-eligible beneficiaries in managed health plans. A health plan or other similar entity (such as an accountable care organization) would receive two payment streams – one from the federal government (Medicare) and one from the state (Medicaid) – which would then be blended together.

*Provide coordinated care for all Medicaid enrollees:* The federal government could save \$30 billion if all states adopted comprehensive managed care for their fee-for-service Medicaid enrollees. Many states already have turned to Medicaid managed care and realized significant savings and better outcomes.

*Accelerate programs to improve health, particularly diabetes initiatives:* By adopting innovations that already have been proven to prevent and control pre-diabetes and type 2 diabetes, the federal government could save an additional \$53 billion. These solutions include interventions aimed at preventing type 2 diabetes among high-risk populations and providing greater support to help patients with type 2 diabetes control their weight and manage their condition.

To read the full report, go to: <http://www.unitedhealthgroup.com/reform>

### **About the UnitedHealth Center for Health Reform & Modernization**

The Center is a substantial long-term commitment by UnitedHealth Group to advance sophisticated and practical approaches to health care modernization and reform. Its multi-disciplinary team of business leaders, economists, physicians and policy analysts supports the Company's strategy development and innovation agenda, with a particular focus on PPACA and associated market developments. The Center's public work program involves assessing and developing policies and solutions for the health care challenges facing the nation, including: innovative approaches to expanding health care coverage; practical cost-containment strategies to slow the growth of U.S. health care costs; and options for modernizing Medicare and Medicaid. Its published work is available at [www.unitedhealthgroup.com/reform](http://www.unitedhealthgroup.com/reform)

### **About UnitedHealth Group**

UnitedHealth Group (NYSE: UNH) is a diversified health and well-being company dedicated to helping people live healthier lives and making health care work better. With headquarters in Minnetonka, Minn., UnitedHealth Group offers a broad spectrum of products and services through two business platforms: UnitedHealthcare, which provides health care coverage and benefits services; and Optum, which provides information and technology-enabled health services. Through its businesses, UnitedHealth Group serves more than 80 million people worldwide. For more information, visit UnitedHealth Group at [www.unitedhealthgroup.com](http://www.unitedhealthgroup.com).

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