

## Top 10 Positive Health Care Recommendations From the Fiscal Commission

1. **Medical malpractice reform** – When physicians say one out of every four dollars in health care may be the result of practicing defensive medicine, the report takes a common-sense step forward to recommending sensible reforms to the tort system. This change alone will save taxpayers tens of billions of dollars in the coming decade. Some of the changes include specialized “health courts” for medical malpractice lawsuits, safe haven rules for those who rely on best practices, and a statute of limitations on medical malpractice lawsuits .
2. **Repeal The Class Act** – The report acknowledges the real financial danger to taxpayers in the new long-term care insurance program. Since nonpartisan experts say the current program could require a taxpayer-funded bailout, the report recommends either modifying the CLASS Act in a manner that is credibly sustainable over the long term, or a wholesale repeal of the program if necessary.
3. **Increases Tools To Reduce Medicare Fraud** –At a time when taxpayers lose an estimated \$100 billion in Medicare and Medicaid waste, fraud, and abuse each year, the report takes a practical step toward increasing the ability of the federal government to combat waste and to go after fraudsters by equipping CMS with increased funding and authority.
4. **Gives Seniors More Predictability and Protection In Out-of-Pocket Costs** – The report recommends establishing a single combined annual deductible of \$550 seniors’ hospital and medical care, along with a 20 percent uniform coinsurance on health spending above the deductible. This change helps pay for other changes to Medicare, while also making seniors more aware of their spending and giving them catastrophic protection by reducing the coinsurance rate( to 5 percent after costs exceed \$5,500) and capping total cost sharing at \$7,500.
5. **Helps Reconnect Purchaser and Payer In Medicare Supplemental Insurance**– With skyrocketing increases in federal health costs, the report realigns incentives and improves seniors’ cost-consciousness of their health care consumption by prohibiting Medigap plans from covering the first \$500 of an enrollee’s cost-sharing liabilities and limiting coverage to 50 percent of the next \$5,000 in Medicare cost sharing. The report also makes similar changes to TRICARE for Life, the Medigap policy for military retirees, as well as for federal retirees and for private employer-covered retirees. These sensible provisions save money both for taxpayers both through the home programs and for Medicare.
6. **Provides Coordinated Care for Dual Eligibles** – Recognizing that dual eligibles (beneficiaries on Medicare and Medicaid) are older and sicker than other beneficiaries, the report moves to coordinated care by requiring dual eligibles be enrolled in Medicaid managed care programs. Medicaid has a larger system of managed care than does Medicare, and this would result in better care coordination and administrative simplicity.
7. **Cancels Duplicative Spending on Medicaid Administrative Costs** – The report eliminates payments for Medicaid administrative costs that are duplicative of funds originally included in the Temporary Assistance for Needy Families (TANF) block grants.
8. **Pilots Medicare Premium Support Using Federal Employees’ Health Plan** – Recognizing that health care costs continue to grow at an unsustainable rate and consumers need more economic skin-in-the game, the report converts the taxpayer-funded program, the Federal Employees Health Benefits (FEHB) into a premium support plan that offers federal employees a fixed subsidy that grows by GDP plus 1 percent each year. This sensible change reduces the subsidy from taxpayers. Piloting premium support in this large of a population helps to control health care costs, and offers direct experience with premium support. While the population covered by FEHBP is different than the Medicare population, if premium support successfully holds down costs, the experience would be useful in considering a premium support program for Medicare.
9. **Builds a Fiscally Responsible Path From SGR to A New Payment System** – The report recognizes the looming 25 percent Medicare reimbursement cut to physicians is untenable and that the so-called Sustainable Growth Rate actually continues to grow, unsustainably. The report wisely provides a near-term freeze to ensure access to care for seniors and businesses predictability for physicians, while identifying the real need in the longer-term: a new payment formula. Just as important, the report suggests these changes be paid for by making other changes to the Medicare program.
10. **Compelling Mechanisms To Restrain Long-Term Health Costs** – The report acknowledges the dangerous, unrestrained growth in federal health care spending (Medicare, Medicaid, the Children’s Health Insurance Program, FEHB, TRICARE, and the cost of the tax exclusion for health care) and highlights some mechanisms for reviewing total federal health care spending. The report requires action from elected political leaders if average cost growth has exceeded GDP plus 1 percent over the prior five years. While the report offers a menu of mechanisms for how long-term health costs could be controlled, some promising ideas include the establishment of a premium support system for Medicare, and the adjustment of the federal-state responsibility for Medicaid, such as a block grant for long-term care.