

Proposed Changes to Medicare and Preferred Alternatives

Proposed Change	Savings over 10 years / Cost to Beneficiaries	 Alliance-Supported Alternative	 Savings over 10 years / Cost to Beneficiaries
Medigap Changes	\$2.5 billion / \$500 deductible + reduced coverage	Medicare Drug Discounts	\$141 billion / \$0
More Means Testing	\$50 billion / Higher premiums	Medicare Drug Discounts	\$141 billion / \$0
Home Health Copay	\$7 billion / Up to \$150 per episode	Medicare Drug Discounts	\$141 billion / \$0

Proposal	Cost of Proposal / Cost to Beneficiaries	Alliance-Supported Pay-for	Savings / Cost to Beneficiaries
Permanent "Doc Fix"	\$139 billion / Higher premiums	Medicare Drug Discounts	\$141 billion / \$0

What would you choose?

Restoring Medicare Drug Discounts



Requires pharmaceutical companies to pay discounts for dual-eligibles (individuals receiving both Medicare and Medicaid benefits) and to low-income Medicare beneficiaries, as they currently do for veterans and Medicaid beneficiaries. **The Alliance supports Medicare Drug Discounts.**

Sustainable Growth Rate “Doc Fix” Reform



Under the current Sustainable Growth Rate (SGR) formula, if spending exceeds the statutory target for a given year, physicians’ payments are to be reduced the following year. Each year, Congress funds a “Doc Fix” patch to prevent these reductions. Congress is now considering making the patch permanent at the cost of \$139 billion, and could require beneficiaries to pay for it. **The Alliance supports fixing the physician payment formula, but opposes shifting costs onto beneficiaries.**

Medigap Reform



Based on the idea that beneficiaries over-utilize Medigap benefits, the Bowles-Simpson Plan would require a \$500 deductible on Medigap plans and a 50% copay of the next \$5,000 covered. **The Alliance opposes the reduction of first-dollar coverage, as well as a surcharge on Medigap policies.**

More Means Testing



Several reform proposals call for means testing to be expanded to cover the 25% of Medicare beneficiaries with the highest incomes. Current law only covers the highest 5%. This places a high burden on the middle class, because a senior with a \$47,000 in current annual income would be required to pay more. **The Alliance opposes more means testing.**

New Home Health Copay



A proposal by the Medicare Payment Advisory Commission (MedPAC) recommends creating a new copayment for home health visits. The copayment would amount to 5% of the cost of each 60-day in home treatment period (called an “episode”) and would cost a beneficiary up to \$150 per episode. **The Alliance opposes home health copayments.**