

3 Medicare Reforms That Could Keep Seniors Healthier, Wealthier



Empowering seniors to take control of their own health spending and rewarding the doctors who coordinate patients' care, as well as the providers that reduce patients' costs and improve the quality of their treatment, could vastly improve the health of seniors on Medicare, according to a [new report](#) by National Center for Policy Analysis Senior Fellow Devon Herrick. Medicare reform requires empowering seniors to manage more of their own health care spending using Medicare Health Savings Accounts (HSAs) coupled with high-deductible Medicare plans. A criticism of HSAs is that hospitalized patients have long since exceeded their deductibles.

In the report Herrick outlines three areas effective Medicare reforms must address:

1) Rising Medicare Spending

Medicare spending per beneficiary has risen from \$385 a year in 1970 to a staggering \$12,430 today.

Solution: Carefully manage care for the sickest seniors. About **5 percent of patients consume nearly half of all health care dollars**, while the **sickest 1 percent consumes nearly one-quarter of health care expenditures**. Used correctly, **case management is a way to bring together** all members of the medical team to discuss specific care plans and treatment goals for each patient.

According to Herrick, “efforts to slow the growth in Medicare spending will have to focus on reducing hospital spending on the sickest beneficiaries by better managing their chronic conditions.”

2) The different levels on which health care occurs.

Care provided in the wrong setting wastes the patient’s – and the health system’s – money.

Solution: Employ the tools used by private health plans. Medicare should use medical homes, care coordination, and utilization management that reward plans for boosting quality and lowering costs, especially among chronically-ill beneficiaries.

“Doctors are necessary partners to improving health and reducing spending,” says Herrick. “A well-managed physician network is the key to coordinating care, increasing quality and controlling costs.”

3) Mismanaged care that lands seniors back in the hospital.

One-in-five seniors who are discharged from a hospital are readmitted within 30 days. More than one-third of Medicare hospital discharges are readmitted within 90 days.

Solution: Improve quality care transitions. A care coordinator at a patient-centered Medical Home could steer seniors to lower-cost health care settings, evaluate the need for home care and ensure seniors receive post-hospital follow up care and comply with drug therapy instructions.

“Poorly managed care transitions – when a patients’ care shifts from one setting to the next – are very costly for the health care system,” explained Herrick. “And it’s a serious problem!”

Additionally, Medicare reforms should look to empower seniors to manage more of their own health care spending using Medicare Health Savings Accounts (HSAs) coupled with high-deductible Medicare plans, said Herrick.