

# Thoughts on 2005 Medicare Trustees Report

Len M. Nichols

Center for Studying Health System Change

New America Foundation\*

# Possible Reactions

- The Sky Is Still Falling...
- It'll be time to get *really* serious when...
- Wait until 2009, *then* they'll pay attention
- Pigs *CAN* fly, and I think they should, soon

# To Restate the Obvious

- Medicare is part of the US health *system*
- Costs grow faster than wages
- Some new services are worth the cost
- More workers can't afford health insurance
- States need relief from Medicaid growth
- Employers are increasingly desperate
- Morality matters

# What Should We Do?

- Don't forget our overriding goal
- Get Serious!
- Treat Health System Like DHS/War on Terror
  - ◆ Stop accepting unacceptable performance

# Getting Serious Also Means...

- Become Better Buyers
  - ◆ Information infrastructure
  - ◆ Pay providers for performance, period
  - ◆ Comparative technology assessment
  - ◆ Evidence-based cost-sharing
  - ◆ Maximize informed patient choice
- Stop acting like tax increases are unthinkable
  - ◆ Make financing as progressive as possible
  - ◆ Income-relate everything