



THE COMMITTEE ON ENERGY AND COMMERCE

MEMORANDUM

April 8, 2013

To: Health Subcommittee

From: Energy and Commerce Committee Staff

Re: Hearing entitled “Strengthening Medicare for Seniors: Understanding the Challenges of Traditional Medicare’s Benefit Design”

On Thursday, April 11, 2013, at 10:00 a.m., in 2322 Rayburn House Office Building, the Subcommittee on Health will hold a hearing entitled “Strengthening Medicare for Seniors: Understanding the Challenges of Traditional Medicare’s Benefit Design.” This hearing will review the challenges with the current Medicare benefit design and examine ways to improve the program. This memorandum provides background on the witness, Medicare and Medicare Payment Advisory Commission (MedPAC).

I. WITNESS

Glenn M. Hackbarth, J.D.
Chairman
MedPAC

II. MEDICARE AND MEDPAC

Many, including MedPAC, believe the Medicare program’s benefit design could be improved. Currently, the program’s benefit design provides little incentive for beneficiaries to make better decisions about their health care needs, and it fails to protect beneficiaries from unexpected health care costs.

MedPAC is a Congressional support agency that provides independent, nonpartisan policy and technical advice to Congress on issues affecting the Medicare program. MedPAC has been considering ways to reform the traditional benefit package with two main objectives: (1) to protect beneficiaries against high out-of-pocket spending, and (2) to create incentives for them to make better decisions about their health care.

The Commission’s June 2012 recommendations for reforming the program’s benefit design suggested, “the Congress should direct the Secretary to develop and implement a fee-for-service (FFS) benefit design that would replace the current design and would include:¹

¹ Medicare Payment Advisory Commission Report to the Congress [“Medicare and the Health Delivery System.”](#) (June 2012)

- An out-of-pocket maximum;
- Deductible(s) for Part A and B services;
- Replacing coinsurance with co-payments that may vary by type of service provider;
- Secretarial authority to alter or eliminate cost-sharing based on the evidence of the value of services, including cost-sharing after the beneficiary has reached the out-of-pocket maximum;
- No change in beneficiaries aggregate cost-sharing liability; and,
- An additional charge on supplemental insurance.

This hearing will provide members an opportunity to hear from MedPAC regarding its recommendations. There is bipartisan recognition that the structure of Medicare's current benefit design can be improved and modernized, which would benefit seniors and ensure the program's sustainability for future generations.

III. STAFF CONTACTS

Should you have any questions regarding this hearing, please contact Monica Popp or Robert Horne at (202) 225-2927.