

Context for Medicare policy

ISSUE: The Commission formulates recommendations on payment updates and other Medicare policy issues within a broader political and economic context—one that has changed significantly over the past year. As policymakers look at the Medicare program’s performance and evaluate the need for policy changes, they will do so within a context of a sizable federal budget deficit and projections that program spending will require unprecedented shares of our country’s economic output in the future. At the same time, MedPAC has begun to push for changes to Medicare’s payment systems that would provide greater incentive for providers to enhance quality, improve outcomes and, in some cases, encourage more efficient use of the program’s existing resources.

KEY POINTS: This draft chapter examines near- and long-term projections of spending and financing for the Medicare program, as well as factors that explain those projections. It also lays out general categories of options that policymakers could use to improve the efficiency with which Medicare’s resources are used, improve quality of care, or address the program’s long-term financing needs.

ACTION: Commissioners should provide comments on scope, substance and tone of this draft chapter for the March 2005 report.

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