MEDPAC Medicare Payment Advisory Commission

MEETING BRIEF

January 16-17, 2002

What next for Medicare+Choice?

ISSUE: The Commission has expressed the will to continue advocating for Medicare+Choice payment policy to adhere to the principle of financial neutrality between M+C payment and payment under the traditional fee-for-service (FFS) Medicare program.

KEY POINTS: While the Commission would like to see M+C payment policy be guided by the financial neutrality principle, several barriers and issues remain to be addressed by payment policy.

- The Commission has consistently supported the need for risk-adjustment to be part of the payment system and CMS is currently unsure of its approach on risk-adjustment.
- MedPAC has not made recommendations on the carve-out of graduate medical education (GME) spending from the M+C payment rates, but that policy raises interesting questions related to financial neutrality.
- Some congressional proposals would use competitive bidding to set M+C payment rates. MedPAC has begun to analyze the use of competitive bidding and how it might work in a financially neutral payment policy.

ACTION: Staff will present a brief summary of the draft chapter for the March report. Commission will discuss the chapter and provide guidance for completion of the chapter.

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