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By: Rep. Joe Courtney

As we near the edge of the fiscal cliff, Medicare — the health insurance program for America's seniors and disabled— is in the crosshairs. Former Republican vice presidential candidate Rep. Paul Ryan authored a budget that called for Medicare to be turned into a voucher program. Others have called for new co-pays for skilled nursing or home health care.

In addition to passing on higher bills to beneficiaries, these and other proposals ignore the reality that the Affordable Care Act is already reining in Medicare growth, extending its solvency and putting us on a firmer fiscal footing.

Here are the facts. Medicare spending per beneficiary, for the past two decades before 2008, rose far faster than regular inflation year in and year out. The rate of growth ranged as high as seven percent in 2006 and stayed above five percent through 2008. That rate, combined with a growing elderly population, eroded the program's long-term financial prospects. But beginning in 2010 after passage of the Affordable Care Act (ACA), the trend changed dramatically. Per capita spending inched below four percent in 2010 and has been below three percent ever since.

Today Medicare is defying predictions by the nonpartisan Congressional Budget Office (CBO), which, at the time of ACA passage, assumed 4 percent annual cost growth in Medicare spending per patient. In 2009, CBO projected Medicare spending to total \$6.04 trillion between 2012 and 2019. Two years later—after the better than expected lower spending — CBO projected Medicare's costs to be approximately \$5.54 trillion over the same period. To put that \$500 billion in savings in perspective, CBO estimates that raising the Medicare age of eligibility to 67, saves only \$67 billion between now and 2019. The ACA's "bending the cost curve" produces significantly higher deficit reduction than any of the cuts currently being pushed by Republicans, including Representative Ryan.

The critical question for the White House and Congress is whether there is a sustainable,

“structural” cause to the moderated growth trend, or is it a temporary phenomenon that will spike back up as the economy begins to grow at a faster clip. Initially, CBO economists and outside observers believed lower growth would be fleeting, tying it to the recession that theoretically was depressing Medicare utilization. According to this view, the lower growth was a nice unanticipated gift to Medicare’s budget, but not a long-term trend.

The problem with this explanation is that the predominantly retired Medicare population is by and large insulated from the effects of a recession, and cannot be viewed the same as working-age Americans who demonstrably reduced their health care spending since 2009. To put it another way, Medicare spending for seniors on fixed incomes, and health care spending for the rest of the country which experienced layoffs and dramatic loss of income, are not identical. Something else is afoot.

Over the past few months, CBO’S most recent Medicare update signaled that in fact, this trend is the result of “structural factors at work.” Those are the words of Douglas Elmendorf, the head of CBO. The structural changes are apparent to any observer at a hospital or health care gathering in any community in America. Incentives built into the Affordable Care Act to penalize excessive and preventable hospital re-admissions, promote collaboration and coordination of health care in small and big ways, and the elevation of preventive care and wellness have been quickly embraced, creating efficiency and savings. Those reforms coupled with a smart, aggressive fraud prevention and prosecution program authorized by the ACA have launched the law’s fiscal repercussions far beyond what CBO anticipated.

Medicare is not out of the woods. The number of enrollees is going up and as America’s baby boomers retire, the Medicare population will grow at a rate higher than in the past. With life expectancy edging up, Medicare will be challenged by demographics. This trend and fear are what drives proposals such as the plan to raise Medicare’s eligibility age to 67. But these proposals produce paltry savings when compared to ACA reforms, and they do so by shifting costs to individuals or their employer-based retiree plans in a stealth new tax.

There is a better way than shifting costs. Building on the now acknowledged “structural” improvements to Medicare under the Affordable Care Act will produce larger savings that will improve both the health of this critical program and the health of America’s seniors.

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