



Fact Sheet

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February 11, 2010

Available Online: dpc.senate.gov

Medicare Payment Policies in the Patient Protection and Affordable Care Act

Medicare payment policies included in the *Patient Protection and Affordable Care Act* will improve payment accuracy and the efficiency of providers participating in Medicare. These changes, based largely on recommendations from the Medicare Payment Advisory Commission (MedPAC) and other independent health policy experts, will ensure that taxpayers and seniors are paying appropriately for Medicare services.

Saving lives, saving Medicare. The *Patient Protection and Affordable Care Act* ensures that seniors have access to their guaranteed Medicare benefits, reduces the cost of prescription drugs for seniors, and creates a new, free prevention and wellness benefit for Medicare beneficiaries. Without reform, the Medicare program will be broke during Fiscal Year 2017. [CBO, [11/21/2009](#)] The Congressional Budget Office found that the *Patient Protection and Affordable Care Act* extends the solvency of the Medicare trust fund through Fiscal Year 2019, the final year of the ten-year budget window, and beyond.

Eliminating inefficiency. As the Congressional Budget Office (CBO) noted, “Researchers have estimated that nearly 30 percent of Medicare’s costs could be saved without negatively affecting health outcomes...” [CBO [6/16/2008](#)] The *Patient Protection and Affordable Care Act* does not come close to reducing Medicare’s costs by 30 percent, but the statement does give a sense of the scale of inefficiency in the Medicare program.

Responsible savings. The Congressional Research Service (CRS) found that, over the first ten years of implementation, the Medicare savings anticipated from the *Patient Protection and Affordable Care Act* is about one half of the Medicare savings that was anticipated by the Balanced Budget Act of 1997 when that bill was passed. [CRS memo to Senator Stabenow, 12/11/2009]

Slowing the growth of Medicare. To be clear, even with the Medicare payment policy changes included in the *Patient Protection and Affordable Care Act*, overall payments to providers will continue to grow, but they will grow at a slower rate than under current law. This policy goal is shared by many, including, at least in the past, Senate Republicans.

- **Senator Grassley.** “I am glad the President recognizes in his budget that Medicare would be bankrupt by the year 2002, and he proposes slower growth of Medicare as we propose slower growth of Medicare.” [Congressional Record, 6/28/1995, page [S9251](#)]
- **Senator Kyl.** “We also know that it is necessary to prevent the Medicare Program from going broke. The Republican budget will slow the growth in Medicare because the Medicare trustees have warned us that without doing so, the system will go broke.” [Congressional Record, 10/17/1995, page [S15190](#)]

Information from experts, support from advocates. Many of the Medicare payment policies included in the *Patient Protection and Affordable Care Act* were inspired by recommendations from nonpartisan health policy experts, including those listed below. Furthermore, the legislation is supported by the AARP and the American Medical Association. [AARP, [12/24/2009](#); AMA, [12/21/2009](#)]

- **The Bipartisan Policy Center** – “Crossing Our Lines: Working Together to Reform the U.S. Health System” ([June 2009](#))
- **Brookings Institution** – for example, “Bending the Curve: Effective Steps to Address Long-Term Health Care Spending Growth” ([August 2009](#))
- **The Commonwealth Fund** – for example, “The Path to the High Performance U.S. Health System” ([February 2009](#))
- **Medicare Payment Advisory Commission (MedPAC)** – for example, “Reforming the Delivery System” ([June 2008](#))

