



The Forum is a coalition of doctors, hospitals, health plans and business that was founded in 1997 to improve the health care financing and delivery system.

Preserving Medicare for residents of the state of Washington

Washington state Medicare beneficiaries face an increasing threat to their access to medical care. Some proposals under consideration by Congress and the Administration in 2009 threaten to collapse our state's health care system.

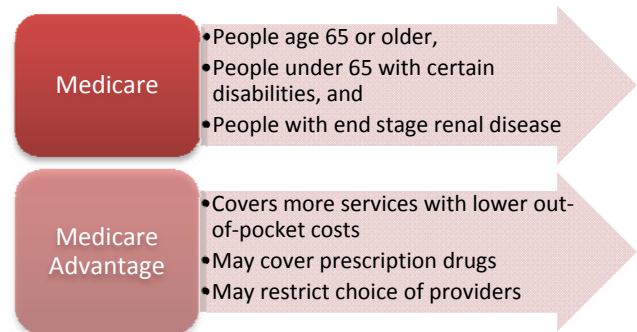
Unless Congress acts before January 2010 to change the system, physician payments will be cut by 20+%. Provider payments in fee-for-service Medicare already are unsustainably and unfairly low. Partially this results from our state's reliance on primary care, and partially from our effectiveness in keeping health care costs low while keeping people healthy.

Medicare's fee-for-service payment systems particularly hurt Washington state. Yet at the same time, policymakers are proposing that Medicare Advantage payments be tied to these fee-for-service levels – a policy that would harm Washington more than almost any other part of the country. For example, according to the most recent available data from 2004, Washington's Part B per Medicare enrollee expenditure of \$6,200 is 38% less than Florida's \$8,462. Our monthly Medicare Advantage payment rate of \$757 is 30% less than Florida's \$983.

In our state, the impact of not fixing the Medicare payment system, or of cutting Medicare Advantage, would be dire.

Last year, faced with a 10% cut in payments, one in four Washington physicians said they would be forced to drop all Medicare patients,

and another 58% said they would have to stop accepting new Medicare patients. If those rates double with a 20+% cut in 2010, there won't be enough physicians to care for seniors.



The same would be true with Medicare Advantage: the proposed cuts to Medicare Advantage would reduce funding by as much as \$150 per patient per month, dollars that now go to provide additional benefits, reduce out-of-pocket costs, and pay physicians and hospitals who care for these patients. **If Medicare Advantage payments are reduced to fee-for-service levels, the Washington state health care system will lose nearly \$350 million in federal funding.**

Many physicians are only able to participate in Medicare by serving patients through a Medicare Advantage plan. They receive payments through arrangements that are enough to cover their costs, and can manage those funds in ways to support innovative care delivery models. Many physicians who still take new patients through the Medicare Part B fee-for-service program can only do so by cross-subsidizing their practice with payments from Medicare Advantage and commercial health insurance coverage.



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Building a sustainable system

Medicare subscribers in Washington state need both public and private coverage options so that they can choose the benefits and structure that best meets their needs.

Physicians and other providers in urban and rural areas require care delivery options that will meet the needs of their communities and patients.

These goals will require structuring the financing systems for *both* the Medicare Advantage and Medicare fee-for-service programs to:

- Reward *better* care, not simply *more* care;
- Provide incentives and support for investment in health information technology tools and care coordination;
- Reward efficient providers; and
- Offer payment options that promote collaboration among providers in the fee-for-service system.

We must avoid policies that result in individuals, small businesses or companies, already under financial stress, from having to pick up the financial slack left by the federal government. More than 15% of family insurance premiums already represent a kind of hidden tax resulting from public program underpayments.

We must also support greater payment fairness across geographic regions, correcting those policies that disproportionately harm Washington state and its citizens.

We know time is short, these challenges are complex, and the economic and other issues facing Congress are extreme. But without Congressional support for our health care system, the economic situation in Washington will only get worse.

We must protect health care for Medicare beneficiaries in our state by supporting policies that build on the health care efficiencies and our longstanding commitment to further improve the current delivery system.