Repeal and replace, really?

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Two facts about Medicare are not disputed.

First, the program is inadequate to a growing number of seniors. Facing greater out-of-pocket costs and coverage gaps, beneficiaries are increasingly driven to purchase supplemental coverage, or rely on supplemental retirement benefits from a previous job, or simply forego needed medical care.

Second, Medicare spending is on an unsustainable trajectory. Program costs are projected to increase from almost $600 billion in 2012 to $903 billion in 2020. Addressing Medicare solvency and reducing costs to taxpayers must be a part of any serious effort to tame the growing federal deficit.

The challenge facing policymakers is thus finding ways to reign in Medicare spending growth without negatively affecting access to patient care for those beneficiaries in need, imposing additional undue financial burdens on the elderly and disabled, or shifting costs onto other payers or providers.

One spectacularly bad strategy is the premium support model being advanced by the Republican Presidential team of Mitt Romney and Paul Ryan. The premium support approach would convert Medicare from a guaranteed set of benefits to a defined contribution which could be used to purchase coverage, either from traditional Medicare or private plans.

The premium support model would limit Medicare spending growth to levels fixed to some index of inflation. However, voucherization would shift more of the costs to Medicare beneficiaries themselves, while providing no guarantee of making Medicare more efficient.

It's worth noting that half of seniors subsist on incomes below $22,000 a year and half of all Medicare beneficiaries have less than $33,000 in retirement accounts and other savings. Moreover, the average Medicare household already spends over $4,600 annually on co-pays, deductibles, and other out-of-pocket health expenses. Expecting seniors to pick up additional expenses undermines Medicare's original intent to protect older citizens from illness and financial ruin to health care costs.

There are a host of strategies that could begin to bend the Medicare spending trajectory without altering the program's current structure or privatizing the program any more than it already has been. These include eliminating overpayments to Medicare Advantage plans and using the buying power of the federal government to negotiate lower prescription drug prices for Medicare.

Another prudent step would be to simply let the Affordable Care Act do its job.

The reform law already has Medicare on stronger financial footing via new sources of revenue and cost savings, its emphasis on improving access to primary and preventive services for seniors, and delivery system reforms that begin to reimburse physicians and hospitals on the basis of value provided to beneficiaries and not simply the volume of services they provide.

While “repeal and replace Obamacare” remains a prominent rallying cry for Republicans during the current election cycle, analysts at the Kaiser Family Foundation recently concluded that the “repeal of the ACA would undo these changes, raise costs for beneficiaries, and increase federal spending at a time when the nation is struggling to address the deficit and debt.”

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