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**DRAFT recommendation regarding the “illustrative alternative”  
FOR DISCUSSION ONLY**

The Trustees report presents a set of alternative projections that demonstrate the implications for spending projections that the following three aspects of current law will not be fully implemented: “(i) the reductions in payment updates by the increase in economy-side productivity for most non-physician provider categories, (ii) the physician payment updates specified by MACRA for all future years; and (iii) the operations of the Independent Payment Advisory Board.”

**Finding:** The purpose of the alternative projection has changed over time. The alternative projection was introduced in response to Congress repeatedly overriding the SGR reductions specified by current law at the time. Thus, when the alternative projection was first introduced, it was intended to be a more accurate representation of short and long-term Medicare spending in response to the routine implementation of annual adjustments by Congress to current law. In the most recent report, the purpose of the illustrative alternative is to demonstrate the implications for Medicare spending of not implementing in the future payment reductions specified by current law.

**Finding:** The panel affirms the finding by the Medicare Board of Trustees in their 2016 report that, over the long term, current law will lead to large reductions in payment rates to physician and non-physician providers relative to historical trends. The panel also found that it is difficult to forecast the implications of reductions of this magnitude for the health care delivery system. While the panel did not attempt to assess the likelihood of different outcomes, the members did agree that one possible outcome was the Congress would override one or more of these payment reductions in response to pressure from providers and/or beneficiaries. In that case, the forecast under current would underestimate future Medicare spending.

**Recommendation:** The committee recommends that the Medicare Board of Trustees continue to present one or more illustrative alternatives that forecasts Medicare spending assuming a less than full implementation of the provider payment reductions specified under current law.

[Note: Committee has not yet discussed the following]

**Finding:** The committee did not find any evidence/did not believe that the most likely scenario was that all three policies would be changed.

**Finding:** The committee found that the assumptions underlying each alternative were reasonable.

**Recommendation:** The committee recommends that the Medicare Board of Trustees consider providing three alternative scenarios including 1) less than full implementation of the increase in economy-side productivity for most non-physician provider categories only; 2) less than full implementation of the physician payment updates specified by MACRA for all future years only; and 3) all three as developed in the 2016 report.