Description of the Seminar

Medicare, the national health insurance program for close to 50 million elderly and disabled beneficiaries, costing over $550 billion a year, is the second largest government-financed health insurance program in the world, the largest “single-payer system” in the world, and, along with Social Security, one of the two most popular federal domestic programs in the United States. The successes of the Medicare program in addressing the health needs of the elderly and disabled, and helping to elevate their economic security, are difficult to deny.

Not long ago, however, the program faced both short-term and long-term financial pressures. The immediate perceived crisis was the late-1980s projected depletion of the trust fund for Part A hospital coverage in 2002. The most discussed challenge in later years was—and remains—the anticipated impact of the enormous 77 million member “baby-boom” generation, which began to reach retirement age starting in 2011. But it is the unrelenting growth in health care costs overall that remains the most significant threat to the program’s sustainability. The program is also plagued by its own inefficiencies and perverse incentives, often the result of political intrusions and a problematic governance structure that promotes congressional micromanagement and “special-interest” self promotion.

A combination of a strong economy during the 1990s and policy changes averted the immediate financial concern. What had been the longest economic expansion in the nation’s history helped infuse more revenues into the Part A trust fund, while the bipartisan Balanced Budget Act of 1997 included provisions that led to reduced aggregate Medicare spending. Rather than 2002 or even 2008, in a later projection using intermediate assumptions the Medicare Trustees, in their 2003 report, estimated a trust fund deficit starting in 2026.

Even when the short-term situation seems to improve, both conservatives and liberals agree that more “reform” is clearly required to sustain the program substantively and politically in the future (they just disagree on what kind!). In accordance with the BBA of 1997, for example, President Clinton and the leaders of Congress named seventeen individuals to the National Bipartisan Commission on the Future of Medicare with the mandate to develop a bipartisan reform plan. The only option seriously considered by the Commission—a controversial “premium-support” approach predicated on managed competition among
private health plans—failed to secure the support of the Clinton White House or, just barely, the eleven votes required to become the official recommendation of the Commission. Opponents of this plan had their own approaches for protecting the fiscal and political integrity of the program.

In December 2003, Congress enacted one of the most significant changes in the program: the Medicare Prescription Drug, Improvement, and Modernization Act (MMA), which was the Republican plan for adding private prescription drug coverage for Medicare beneficiaries and introducing a variety of other programmatic features long supported by conservatives (including health savings accounts and demonstrations that would put fee-for-service Medicare in direct price competition with private plans). Many of the law’s provisions stirred considerable and ongoing controversy and the implementation process proved rocky, but many more beneficiaries have drug coverage as a result. The vast majority of that coverage expansion, however, was not funded with any new dedicated revenue stream.

The “Great Recession,” the new drug benefit, and the MMA’s subsidies for private plans worsened once again the projections of Medicare expenditures relative to revenues. The Medicare Trustees estimated in their 2009 report that the Part A trust fund would be depleted in 2017, nine years earlier than the 2003 estimate.

The enactment of the Patient Protection and Affordable Care Act of 2010—generally referred to as the Affordable Care Act (ACA)—made a number of changes in Medicare, from some benefit expansions, to cutting health plan subsidies, raising revenues, establishing new institutions to guide the program’s decision making, and launching a number of demonstration projects designed to improve care delivery and constrain costs. As a result of the spending reductions and new revenues incorporated in the ACA, the Trustees in their delayed report of 2010 extended their estimated date for Part A trust fund depletion by eleven years, to 2028. But by the 2012 report, the projected date moved up to 2024.

**Our objective this quarter is to evaluate options for reforming Medicare to ensure its suitability and viability for the baby-boom generation and beyond.**

To give our work on this subject specific grounding in Medicare and health insurance reform issues, we will explore a number of vital factors that set the foundation for formulating and evaluating proposals for the long-term reform of Medicare. They include the international standard for health insurance systems; the politics and understood meaning of Medicare at its origins; the specific demographic and technological challenges facing Medicare in the next century; how to think about the economics of health care financing; major features in the transformation of the overall health care system since Medicare’s enactment; the politics of health care and Medicare policy making at the national level in the United States; the nature of previous changes in Medicare; the current Medicare “status quo” following the enactment of the ACA; and an introduction to a number of specific policy options, such as strengthening “traditional” Medicare, promoting competition among private plans (and with traditional Medicare), transitioning to a voucher system to buy private insurance, and in general increasing individual beneficiary responsibility for costs.
Suggested Books for Purchase

The books listed below are required reading and are available for purchase at the LuValle Bookstore. They are identified with an "*" on the schedule of reading assignments.

ISBN: 978-0-8157-0124-8


ISBN: 0-226-61596-0 (Paperback)

ISBN: 978-1421406213 (Paperback)

Recommended (not on sale at LuValle):

Other Readings On-Line or on the Course Webpage

Most of the required articles, documents, and chapters not in the books listed for purchase can be obtained by clicking on the web link provided below each reading on the syllabus—access is free either through a UCLA-networked computer or on any computer with access to the Internet and set up with a “proxy” to access the UCLA system. A few of the readings are available on the password-protected course webpage available through Myucla.edu—they are marked “[webpage].”

Books Are Also on Reserve

Within the constraints of library resources, the book-based reading assignments for the course are also available at the reserve desk in the C. E. Young Research Library.

Course Assignments, Requirements, and Grading Policy

The grade each student receives for the course will be an aggregation of the following:

● Oral Participation (15%): Given the importance of full and effective oral participation in a seminar—and even more so in the world of policy making—part of the course grade will be based on each student’s individual participation. “Participation” includes such things as demonstrating preparation, offering valuable insights, speaking clearly about complex subjects, synthesizing relevant information, answering questions effectively, posing relevant questions, as well as actively listening to other members of the class.

● Policy Problem Memo (15%), Due April 23rd, beginning of class: Based on a reading of the assignments for the week of April 23rd, each student will submit a 5-7 page, word-
processed, double-spaced paper written as a memorandum to the Administrator of the Centers for Medicare and Medicaid Services (CMS) providing an assessment of the major challenges confronting the Medicare program over the next couple of decades. The memo should concisely identify the major problems the program will encounter in the absence of policy change, the magnitude of those problems and their specific effects, the level of confidence the administrator should have in the estimates, and possible sources of variation in the estimates. This paper is not to consider possible solutions.

- Washington Post Op-Ed (15%), Due May 7th, beginning of class: Choosing among any of the issues covered in the readings for the week of May 7th (any feature of the health care system that has been in transition since the mid-1960s), each student will submit an op-ed page essay suitable for publication in The Washington Post (a forum read by opinion leaders and policy makers) of no more than 900 words (word-processed, double-spaced) that makes an evidence-based argument about the implications of that issue for the future of Medicare.

- Prepared and Delivered Testimony on Medicare Reform (55%), Written Part of Assignment Due by 10:00 a.m., June [date to be determined], at my office: Each student in the class will be both (1) a representative of an organization, think tank, or academic center who prepares and delivers congressional testimony in support of a Medicare reform initiative he or she has developed and (2) a member of the Committee on Finance in the United States Senate (the Senate committee with jurisdiction over Medicare issues) to which the testimony is given. The written testimony will be an 8-10 page word-processed, double-spaced document that describes the proposed reform and offers cogent, rigorous analytical support of it. Oral testimony to the committee will include providing a brief overview of the proposal and answering questions posed by the Finance Committee members. As members of the Committee, each student will take on the persona of a particular senator and formulate questions consistent with that senator’s political and policy orientation. A separate handout will furnish more details about the assignment.

Resources

There are a number of research resources that are of potential use for gaining more detailed analytical background on the issues students may be considering for their proposed reform and written testimony. I offer below a limited set of primary examples, many available through the Internet, sometimes including with full text:

**Journals**

New England Journal of Medicine  
JAMA (Journal of the American Medical Association)  
Health Affairs  
Journal of Health Politics, Policy and Law  
The Milbank Quarterly  
Inquiry  
HSR: Health Services Research  
Medical Care  
Medical Care Research and Review  
Health Care Financing Review  
Journal of Health Economics

(Full-text copies of articles from these journals are available over the web through the UCLA library on campus or with a proxy.)
Web Sites

  (The agency that runs Medicare – much data, analysis; note “Medicare Chartbook” in particular)

  (Congressional advisory commission – analyses of full range of Medicare issues)

  (Congressional policy analytic and accounting agency – includes full text of reports)

  (Includes reports, cost scoring, and congressional testimony about Medicare)

- Senate Republican Policy Committee: [http://www.rpc.senate.gov/](http://www.rpc.senate.gov/)
  (Republican assessment of policy issues, including issue briefs)

- Senate Democratic Policy & Communication Center: [http://dpcc.senate.gov/](http://dpcc.senate.gov/)
  (Democratic assessment of policy issues, including issue briefs)

- National Bipartisan Commission on the Future of Medicare (now dated material):
  (Proposals, documents, and supporting materials of the Medicare reform commission)

  (A searchable clearing how for non-published reports and other documents produced by
  think tanks, research centers, etc.)

- AcademyHealth: [http://www.academyhealth.org](http://www.academyhealth.org)
  (The professional society for health services and health policy research, and program
  office for many initiatives with access to research and reports of relevance to Medicare)

- Urban Institute: [http://www.urban.org](http://www.urban.org)
  (Largest health policy group at a general think tank; full-text reports on line)

- Kaiser Family Foundation: [www.kff.org](http://www.kff.org)
  (Major source of research and synthesis on health policy questions, including Medicare;
  for up-to-the-minute information on health policy, go to [http://www.kaiserhealthnews.org/](http://www.kaiserhealthnews.org/))

- The Commonwealth Fund: [http://www.cmwf.org](http://www.cmwf.org)
  (Major health policy foundation that also conducts its own research and distributes
  reports, including much on Medicare. Also click on its “DC Policy Updates” for
  weekly summaries of health policy actions in the nation’s capital.)

- Brookings Institution: [http://www.brookings.edu](http://www.brookings.edu)
  (Major mainstream/center-left think tank)

  (Major center-right think tank)

- Heritage Foundation: [http://www.heritage.org](http://www.heritage.org)
  (Major conservative think tank, with a Center for Health Policy Studies)
• Cato Institute:  http://www.cato.org
  (Well-known Libertarian think tank, with Cato Health Policy Studies)

• AARP:  http://www.aarp.org
  (Largest senior citizen organization; indeed, largest membership organization in the U.S. outside of the Catholic Church)

• National Committee to Protect Social Security and Medicare (NCPSSM):
  http://www.ncpssm.org
  (Competing senior citizen organization)

• FamiliesUSA:  http://www.familiesusa.org
  (Major liberal health care organization)

• Public Citizen:  http://www.publiccitizen.org
  (Consumer organization with the Health Research Group)
Schedule of Topics and Reading Assignments

April 2nd: Introduction to the Seminar

Part 1: The Medicare Context

April 9th: The International Standard and Experience

The Overall “International Standard”


Sarah Thomas, Robin Osborn, David Squires, and Miraya Jun, eds., “International Profiles of Health Care Systems, 2012,” The Commonwealth Fund, November 2012. Focus on the United Kingdom (National Health Service), Canada (Single-Payer), Germany (Regulated Sickness Funds), and The Netherlands (individual mandate with competing private plans)

http://jhppl.dukejournals.org/content/34/4/453.full.pdf+html?sid=ced48735-5803-48ce-917f-5964afdbf80c

http://content.healthaffairs.org/content/27/3/w204.full.pdf+html

http://jhppl.dukejournals.org/content/33/6/1031.full.pdf+html?sid=99c90054-4138-472f-a7af-ca90724c77b5

Empirical Comparisons Between the U.S. and Abroad: Spending, Quality, and Outcomes

http://content.healthaffairs.org/content/23/3/10.full.pdf+html

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April 16th: Origins and Meaning of Medicare


  Chapter 1, “Introduction,” pp. 1-16.
  Part of Chapter 3, “Going Nowhere,” pp. 36-40.
  Part of Chapter 4, “Going Broke,” pp. 74-83.


⇒ SUGGESTION: START READING NEXT WEEK’S ASSIGNMENTS. For this week you have somewhat less reading, and no written assignments, so it would be a really good idea to launch right into a significant portion of next week’s readings.

Recommended (Highly):
Part 2: The Problem and the Dimensions of Analysis

April 23rd: The Demographic and Cost Challenges

NOTE: Policy Problem Memo Due

National Health Care Spending Trends in the U.S.

http://content.healthaffairs.org/content/32/1/87.full.pdf+html

The Overall Medicare Challenge and Debate: Demographic Change and Expenditure Growth


Introduction and Overview. This report will not be released until at least the end of March. If the 2013 report is not yet available, use the 2012 report. The report and summaries are available at:
http://www.cms.hhs.gov/ReportsTrustFunds/


http://jhpl.dukejournals.org/content/26/1/107.full.pdf+html

http://content.healthaffairs.org/content/18/1/63.full.pdf+html

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Three Specific Challenges to Medicare: Obesity, Chronic Disease, and Technology (*GLANCE*)

http://content.healthaffairs.org/content/early/2005/09/26/hlthaff.w5.r30.full.pdf+html

http://content.healthaffairs.org/content/25/5/w378.full.pdf+html

http://content.healthaffairs.org/content/early/2005/09/26/hlthaff.w5.r5.full.pdf+html

The Medicare Paradox: More Spending Does Not Produce More Quality?

Baicker, Katherine, and Amitabh Chandra. “Medicare Spending, the Physician Workforce, and Beneficiaries’ Quality of Care.” *Health Affairs*, Web Exclusive, 7 April 2004, pp. W4-184 to W4-197.
http://content.healthaffairs.org/content/early/2004/04/07/hlthaff.w4.184.full.pdf+html
http://content.healthaffairs.org/content/28/1/w91.full.pdf+html ]


The Cost Burdens on Medicare Beneficiaries


[Continues on next page]
http://content.healthaffairs.org/content/26/6/1692.full.pdf+html

**April 30th: Economics and Markets in Health Care**

Chapters 2-4, pp. 32-123.  [Webpage]

Arrow, reprint of original 1963 *AER* article, “Uncertainty and the Welfare Economics of Medical Care”


Sloan, “Arrow’s Concept of the Health Care Consumer…,” pp. 49-59

Cooper and Aiken, “Human Inputs…,” pp. 71-83

Havighurst, “Health Care as a (Big) Business…,” pp. 84-99

Reinhardt, “Can Efficiency in Health Care Be Left to the Market?,” pp. 111-133

Kronick, “Valuing Charity,” pp. 134-141  [continues on next page]


Hall, “Arrow on Trust,” pp. 259-271

http://www.naic.org/documents/committees_b_senior_issues_110628_rwjf_brief.pdf

**Recommended:**

Chapter 9, “The Ideological Context of Medicare Politics.”


May 7th: The Health Care System in Transition

NOTE: Washington Post Op-Ed Due

The Modern American Health Care System

Glied, “Health Insurance and Market Failure since Arrow,” pp. 103-110
Bazzoli, “…Evolution of Provider Compensation Arrangements,” pp. 142-155
Silver, “The Role of Capital Markets in Restructuring Health Care,” pp. 156-166
Haas-Wilson, “Changing Content and Sources of Health Care Information,” pp. 169-180
Robinson, “The End of Asymmetric Information,” pp. 181-188
Casolino, “…Intermediate Organizations as Triple Agents,” pp. 189-201
Needleman, “The Role of Nonprofits in Health Care,” pp. 243-258
Jacobson, “Regulating Health Care…,” pp. 290-301
Sage, “The Lawyerization of Medicine,” pp. 302-317


The Rise of the Market in the U.S. Health Care System

Overview

Introduction, pp. 1-23. [Webpage]

Managed Care


Managed Competition

Choice Among Plans (Managed Competition) or Among Services (Consumer-Directed)?


*Assessing the Impact of the Market Model*


Recommended:

Special Issue on “The Managed Care Backlash.” *Journal of Health Politics, Policy and Law* 24 (October 1999).

Special Issue on “Beyond Managed Care.” *Health Affairs* 23 (March/April 2004).


**May 14th: The Public, Politics, and Health Care Policy Making**


[Continues on next page]

Peterson, “From Trust to Political Power…,” pp. 272-289.


http://jhppl.dukejournals.org/content/36/2/227.full.pdf+html


Medicare Politics


http://content.healthaffairs.org/content/18/1/22.full.pdf+html


http://www.jstor.org/stable/3117930


Recommended:


**May 21st: Past Changes in Medicare**

**From Enactment Through the Balanced Budget Act of 1997**

  Part of Chapter 3, “How Medicare Has Changed: Coverage…,” pp. 54-75.  

  Part of Chapter 3, “Going Nowhere,” pp. 40-73  

**The Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003**


**Prescription Drugs**

[http://jhppl.dukejournals.org/content/32/2/187.full.pdf+html](http://jhppl.dukejournals.org/content/32/2/187.full.pdf+html)

[http://www.researchgate.net/publication/7248044_Can_limiting_choice_increase_social_welfare_The_elderly_and_health_insurance](http://www.researchgate.net/publication/7248044_Can_limiting_choice_increase_social_welfare_The_elderly_and_health_insurance)

[http://content.healthaffairs.org/content/31/10/2259.full.pdf+html?sid=5f6e73cd-b5d0-48ee-844e-6412f179d651](http://content.healthaffairs.org/content/31/10/2259.full.pdf+html?sid=5f6e73cd-b5d0-48ee-844e-6412f179d651)

**Private Insurance and Medicare Advantage**

[http://content.healthaffairs.org/content/28/1/w41.full.pdf+html](http://content.healthaffairs.org/content/28/1/w41.full.pdf+html)

[http://content.healthaffairs.org/content/31/12/2609.full.pdf+html?sid=4b0c34f1-620c-4f65-804a-9dd90507864d](http://content.healthaffairs.org/content/31/12/2609.full.pdf+html?sid=4b0c34f1-620c-4f65-804a-9dd90507864d)  
[Continues on next page]
[http://content.healthaffairs.org/content/30/9/1786.full.pdf+html](http://content.healthaffairs.org/content/30/9/1786.full.pdf+html)

**Recommended:**

Chapter 8, “The Politics of Medicare Reform in the 1990s.”


[www.urban.org/authors/moon.html](http://www.urban.org/authors/moon.html)


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**May 28th: The Current Situation in the Aftermath of the Patient Protection and Affordable Care Act (ACA) of 2010, and the American Recovery and Reinvestment Act (ARRA) of 2009**

**The Affordable Care Act Provisions**


“Summary of Key Changes to Medicare in 2010 Health Reform Law,” Focus on Health Issue Brief, Kaiser Family Foundation, Washington, D.C.  


[Continues on next page]
Reform Themes Affecting Medicare

**Bundled Payments**

[http://content.healthaffairs.org/content/30/9/1708.full.pdf+html](http://content.healthaffairs.org/content/30/9/1708.full.pdf+html)

[http://content.healthaffairs.org/content/31/9/1923.full.pdf+html](http://content.healthaffairs.org/content/31/9/1923.full.pdf+html)

**Pay for Performance (P4P)/Value-Based Purchasing**

[http://content.healthaffairs.org/content/31/9/1932.full.pdf+html](http://content.healthaffairs.org/content/31/9/1932.full.pdf+html)

[http://jhppl.dukejournals.org/content/34/5/717.full.pdf+html](http://jhppl.dukejournals.org/content/34/5/717.full.pdf+html)

**Chronic Care Disease Management**

[http://content.healthaffairs.org/content/31/6/1156.full.pdf+html](http://content.healthaffairs.org/content/31/6/1156.full.pdf+html)

**Health Information Technology (HIT)**

[Note *Health Affairs* issue on “Health IT: The Road to ‘Meaningful Use’” (April 2010)]

[http://content.healthaffairs.org/content/32/1/63.full.pdf+html](http://content.healthaffairs.org/content/32/1/63.full.pdf+html)

[http://jhppl.dukejournals.org/content/34/6/1011.full.pdf+html](http://jhppl.dukejournals.org/content/34/6/1011.full.pdf+html)

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Comparative Effectiveness Research (CER)  
[Note *Health Affairs* issue on “Comparative Effectiveness Research” (October 2010)]

[http://content.healthaffairs.org/content/30/12/2235.full.pdf+html?sid=a17a46ec-d039-4d2f-814a-206fab2ff91b](http://content.healthaffairs.org/content/30/12/2235.full.pdf+html?sid=a17a46ec-d039-4d2f-814a-206fab2ff91b)

Reform of Primary Care Delivery—Medical Homes and Accountable Care Organizations  
[Note *Health Affairs* issue on “Profiles of Innovation in Health Care Delivery” (March 2011)]

[http://content.healthaffairs.org/content/30/3/439.full.pdf+html](http://content.healthaffairs.org/content/30/3/439.full.pdf+html)

[http://content.healthaffairs.org/content/31/11/2395.full.pdf+html?sid=3559ec41-5de8-4021-9cc6-3779888c34bd](http://content.healthaffairs.org/content/31/11/2395.full.pdf+html?sid=3559ec41-5de8-4021-9cc6-3779888c34bd)

The Politics of Government-Led Research

[http://content.healthaffairs.org/content/29/10/1757.full.pdf+html](http://content.healthaffairs.org/content/29/10/1757.full.pdf+html)


June 4th: Competing Approaches to Medicare Reform

The Set Up—Direct Government Provision vs. Markets and Private Plans

*Social Insurance*

[http://content.healthaffairs.org/content/25/3/w114.full.pdf+html](http://content.healthaffairs.org/content/25/3/w114.full.pdf+html)

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Private Plans/Private Markets


Competing Policy Approaches to Medicare Reform


*** Complete Compilation of Medicare Policy Options Large and Small ***

Reforming Medicare as the Route to Health Care System Reform
[These Articles are NOT Assigned]


Reforming Medicare Governance and Decision Making
[These Articles, Reports, and Papers are NOT Assigned]


Berenson, Robert A., Len M. Nichols, and Tom Emswiler, “Reforming Medicare's Governance to Enhance Value-Based Purchasing.”

Casalino, Lawarence P. “Balancing Incentives: Value-Based Purchasing Opportunities in Traditional Medicare.”

Jost, Timothy Stoltzfus. “Value-Based Purchasing in Traditional Medicare: Legal Issues.”

Recommended:


[Bolding Documents:  http://medicare.commission.gov/]


Moon, Marilyn, ed. *Competition with Constraints: Challenges Facing Medicare Reform.* Washington, D.C., February 1, 2000. (This is a multi-chapter report available free on-line; topics include premium support, private plan participation, competitive pricing, risk adjustment, quality, price sensitivity of beneficiaries, and an evaluation of the Breaux-Thomas Proposal – legislation that embodied the plan that failed to get the necessary supermajority support on the National Bipartisan Commission on the Future of Medicare. http://www.urban.org/UploadedPDF/309359_cwc.pdf


**June [To be determined]: Submission of Written Testimony**

**June [To be Scheduled]: Hearing on Medicare Reform, Committee on Finance, U. S. Senate**