Health Care Reform
SIEPR

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## Growth and Projected Growth in Per Capita Medicare Spending in Excess of Economic Growth*

<table>
<thead>
<tr>
<th>Period</th>
<th>Excess Rate of Spending Growth (% points)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975-2007</td>
<td>2.4</td>
</tr>
<tr>
<td>1980-2007</td>
<td>2.2</td>
</tr>
<tr>
<td>1985-2007</td>
<td>1.4</td>
</tr>
<tr>
<td>1990-2007</td>
<td>1.6</td>
</tr>
<tr>
<td>2012-2021</td>
<td>-0.4</td>
</tr>
<tr>
<td>2020-2021</td>
<td>0.8</td>
</tr>
</tbody>
</table>

*Data are from the CBO Long-Term Budget Outlook 2012. Excess rate of spending growth measures the amount by which health spending per person exceeds GDP per capita, with adjustment for demographic factors such as the aging of the population.
Changes in General Fund Spending by Category Between Fiscal 2011 and Fiscal 2012

Health Care Spending Continues to Drive General Fund Growth

<table>
<thead>
<tr>
<th>Category</th>
<th>Millions of Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicaid</td>
<td>15,862.1</td>
</tr>
<tr>
<td>Corrections</td>
<td>-2,459.3</td>
</tr>
<tr>
<td>K-12</td>
<td>-5,034.1</td>
</tr>
<tr>
<td>Higher Ed</td>
<td>-3,501.0</td>
</tr>
<tr>
<td>Public Asst.</td>
<td>-212.8</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
</tr>
</tbody>
</table>

Fiscal 2011 data is based on enacted budgets and fiscal 2012 data is based on governors’ proposed budgets.
Trends in FDA approvals of new drugs and biologics

† Includes both new molecular entities filed under New Drug Applications and therapeutic biologics filed under Original Biologic License Applications.

For 2012 approvals: FDA Approval Review, Washington Analysis, January 2013
Few Accountable Care Organizations 5 years ago

Public Sector

= Medicare Physician Group Practice Demo; Medicare Health Care Quality Demos

{Not exhaustive}
ACOs now expanding rapidly

More than 350 ACOs

Private Sector
★ = Private Sector ACO's

Public Sector
- = Beacon Communities
  = PGP Demonstration, MHCQ
  = Pioneer
  = MSSP

More than 350 ACOs
Comprehensive payment reform for health care providers

- Common performance measures that become more sophisticated over time
- Timely and consistent methods for sharing data with providers
- Rapid evaluation methods based on common measures

**Medical Homes for Primary Care**
- For care coordination prevention, chronic disease mgmt, and other key primary-care activities
- Incentives for primary care quality not volume of services

**Bundled Payments for Specialty/Intensive Care and Post-Acute Care**
- Combined payments across providers/settings for better coordination
- Incentives for better results and lower costs for episode of care

**Accountable Care (System-wide)**
- Encourages coordination and efficiency across the continuum of care
- Incentives for population-level improvements in quality and per-capita cost reductions
- Can reinforce and complement reforms affecting primary care and care for serious illnesses
Projected Medicare Spending Lowered by a Cumulative $221 Billion Since March 2011

Total Actual and Projected Spending in Medicare Part D (In Billions)

Source: The Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds Reports, 2004 and 2012.
Cumulative Difference in Projected Medicare Spending Over 2012-2021, By Benefit Type