



Foresight Seminars on Health and Innovation

Medicare Futures: Generational Perspectives and New Medical Technologies

Reform of Medicare Holds Promise for Delivering Better Healthcare with Reduced Costs

The IAF Foresight seminar on Medicare Futures held on May 31, 2002 explored the impact that demographic changes and medical innovation could bring to the Medicare system. Conventional wisdom assumes that aging of the Baby Boom Generation will place overwhelming financial pressures on the Medicare System. This Foresight Seminar explored an alternative possibility – that these same demographic and technological forces may give rise to new opportunities to reform Medicare in a fiscally and socially responsible manner. Guest speakers included: Dr. Josh Cohen of Tufts Center for the Study of Drug Development who spoke on PBM's and disease management in Medicare; and Neil Howe, author of *Generations* and *Millennials Rising*, who spoke on the generational dynamics of entitlement reform. Several broad themes emerged out of the seminar:

The idea of Medicare as a “maximum of care” entitlement will decline

The aging of the Baby Boom generation will bring about a shift in the political perception that Medicare is an inviolate entitlement. Baby Boomers may differ from their GI Generation and Silent Generation predecessors in their readiness to make health decisions based on what is good for the public health in general. Boomers may have a much greater willingness to accept limitations on individual health demands, as long as those limitations help bring health benefits for all.

A shift from one-size-fits-all medical coverage towards a more tiered system

While the current Medicare program emphasizes a standardized approach to care, Boomers are going to be much different, and will instead tolerate greater variation in relationships between individuals and the healthcare system. Boomers may even be willing to accept more tiering of medicine by income level, with multiple levels of coverage that also reflect differences in medical need and personal approaches to health.

Integration of disease management can deliver high quality care for lower cost

Increased use of prescription drugs by elders has already decreased the costs of Medicare hospital expenditures for acute care. A further shift from the acute care model of treatment towards a chronic care model with disease management can cost effectively increase the quality of outcomes. Currently Medicare spends 75% of its dollars on 15% of its beneficiaries, who are largely treated as acute care patients. The addition of a drug benefit using Pharmacy Benefit Managers (PBMs) can further help lower hospital costs while improving the quality of care. A higher level of integration between medical claims, dosage information, and medical testing can help to minimize the harm from drug interactions, mis-prescriptions, and non-compliant patients.

***A more detailed summary of this Foresight Seminar on Medicare Futures is
available at the Institute for Alternative Futures website:***

<http://www.altfutures.com/foreseminars/foresight.htm>