



**Testimony of Max Richtman, President and CEO
National Committee to Preserve Social Security and Medicare**

**United States Senate Special Committee on Aging
Hearing on “Celebrating Medicare: Strengthening the Program For the Next 50 Years”
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My name is Max Richtman, and I am the President and Chief Executive Officer of the National Committee to Preserve Social Security and Medicare in Washington, DC. The National Committee is a grassroots advocacy and education organization dedicated to preserving and strengthening safety net programs, including Social Security, Medicare and Medicaid.

In my current position and as a former staff director of the Senate Special Committee on Aging, I especially appreciate the opportunity to testify today as we celebrate the 50th anniversary of the Medicare program. I commend Senator Claire McCaskill, Ranking Member of the Aging Committee, for holding this field hearing on strengthening Medicare for the next 50 years. I must also add that I appreciate Aging Committee Chair Susan Collins’s leadership on issues critical to older Americans and I have enjoyed working with her and Senator McCaskill. The Senate Aging Committee has a long history of highlighting the importance of the Medicare program for beneficiaries and their families and of working to improve and strengthen Medicare for current and future recipients.

Medicare's Success

Yesterday we celebrated the 50th anniversary of the day Medicare - one of our nation's most popular and successful programs - was signed into law by President Lyndon Johnson. Before the enactment of Medicare in 1965, only 50 percent of seniors had health insurance and 35 percent lived in poverty. That was a time when even a minor illness or injury could bankrupt older Americans and their families. Fast forward to 2015 when over 55.3 million Americans are receiving guaranteed health care benefits through the Medicare program regardless of their medical condition or income. This includes 46.3 million Americans age 65 and above and 9 million Americans receiving Social Security disability insurance benefits. By the time the last of the baby boomers reaches age 65, it is expected that close to 80 million people will be covered through Medicare. Together with Social Security and Medicaid, Medicare forms the bedrock of economic security and health security for today's seniors and for tomorrow's retirees as well as for individuals who become disabled.

Minding the Gaps in Medicare Coverage

Medicare goes a long way in preventing poverty and promoting greater access to health care for people 65 years of age and older and people with disabilities. However, Medicare coverage is not comprehensive. In addition to Medicare's cost-sharing – for premiums, deductibles and coinsurance – Medicare beneficiaries must pay out of pocket for gaps in Medicare coverage. The standard Medicare benefit does not cover hearing, dental and vision care and most long-term services and supports. These coverage gaps often come as a surprise to beneficiaries when they

need these services, and they are a great financial burden or unaffordable for many people. In 2013, Medicare households spent three times more than the average household on out-of-pocket health care costs even though half of all Medicare beneficiaries had incomes below \$23,500. Older Americans should not have to choose between paying for health care, food or utilities. Medicare benefits must be improved, not cut, and Medicare's long-term solvency must be strengthened.

In its 50 year history, Medicare has demonstrated that it is a dynamic program, meeting the changing demographic and health security needs of older Americans. Starting in 1966, Medicare provided only hospital and outpatient coverage, through Medicare Part A and B, and only to people 65 and older. In 1972, coverage was added for individuals with disabilities and end-stage renal disease. Starting in 1982, Medicare provided coverage for hospice care, a prescription drug benefit was added in 2003 and mental health benefits were significantly improved in 2008. And the Affordable Care Act, passed in 2010, includes many Medicare improvements to promote better health and save money.

Medicare is now delivered in many forms, through traditional Medicare, administered by the federal government, and also through private health plans. These include Part D prescription drug plans and Part C Medicare Advantage plans, which cover Part A, Part B, and sometimes Part D benefits as well as some optional supplemental benefits. In addition, most Medicare beneficiaries have the option of purchasing supplemental coverage, through Medigap plans, to wrap around their traditional Medicare benefits, covering standard cost sharing for health care services.

The Affordable Care Act Strengthens Medicare

Medicare's future and benefits were strengthened by the Affordable Care Act (ACA). It improves care for Medicare beneficiaries by eliminating out-of-pocket costs for preventive screenings, annual wellness visits and personalized prevention plans; providing discounts on prescription drugs in the Part D coverage gap known as the "donut hole," which will be phased out by 2020; and providing incentives to improve the quality of care. The ACA strengthens Medicare's financing by reducing waste, fraud and abuse; slowing the rate of increase in payments to providers; and phasing out overpayments to private Medicare Advantage plans. Projections of the solvency of the Part A Trust Fund have increased by 13 years since passage of the ACA. There's a lot to celebrate about Medicare's past, and thanks to the Affordable Care Act, a more hopeful outlook for the present and future.

Improving Medicare's Payment and Delivery Systems

The National Committee to Preserve Social Security and Medicare's [Legislative Agenda for the 114th Congress](#) includes several proposals for strengthening the Medicare program and enhancing benefits. One of our priorities is strengthening traditional Medicare by building on the Affordable Care Act's payment and delivery system reforms that are containing costs and promoting high-quality care. Accountable care organizations, medical homes, bundled payments and value-based purchasing are improving and coordinating care for beneficiaries with multiple chronic conditions and reducing costs. In part because of the savings in the ACA, the growth in Medicare spending per enrollee has slowed significantly in recent years. Spending per enrollee

in 2015 will be about \$1,200 lower than was projected in 2010 (Source: [The Facts on Medicare Spending and Financing](#)).

Expanding Medicare Benefits

The National Committee's legislative agenda includes many proposals to improve current Medicare benefits. These include enacting a catastrophic out-of-pocket limit for spending in traditional Medicare; counting all observation days in the hospital toward meeting the three-day rule to be eligible for Medicare's skilled nursing facility (SNF) benefit; and expanding Medicare benefits to cover vision, dental and hearing health services which are important for healthy aging and are often unaffordable for beneficiaries.

Recently, I participated in a press conference to promote H.R. 1653, the "Medicare Hearing Aid Coverage Act," legislation introduced by Congresswoman Debbie Dingell to expand coverage in the Medicare program to include hearing assessments and hearing aids. I can't think of a better time than the 50th anniversary of the Medicare program to get the expansion movement rolling, and Representative Dingell's bill is a solid first step. Passage of this legislation would mean that millions of seniors with hearing loss could finally get the help they need to pay for assessments and treatments.

The National Committee Foundation has published an issue brief "[The Case for Expanding Medicare Hearing Loss: The Economic, Social and Medical Factors Impacting Healthy Aging](#)" to demonstrate why Medicare should cover hearing aids which can range anywhere from \$3000 -

\$7000. Many older Americans on modest, fixed incomes simply cannot afford to pay out of pocket for their hearing, vision and dental care. They go without needed treatments. In the case of hearing loss, this means that safety risks are increased because they can't hear a car coming or can't hear the phone ringing or an alarm going off. They can't clearly hear the instructions from their doctor during a check-up which could lead to mistakes in taking their medications. They can't hear – so they get confused, embarrassed or frustrated, and they gradually withdraw from their normal routine of activities. This isolation may be linked to the early onset of dementia or Alzheimer's disease. If hearing aid coverage could slow the onset of these dreaded neurologic diseases, billions of dollars in Medicare and Medicaid spending could be saved. That's why the Congress should enact Representative Dingell's bill and consider other proposals to improve Medicare benefits.

Proposals to Make Benefit Improvements Affordable

Enactment of the Affordable Care Act is the most recent example of how lawmakers paid for and expanded Medicare benefits. Today, there are several proposals available to offset the cost of expanding Medicare benefits that we have included in the National Committee's legislative agenda. We support savings from restoring the pharmaceutical drug company rebates for medicines prescribed to dual-eligibles, those on both Medicare and Medicaid, which could generate \$121 billion over ten years. Additional savings could come from allowing the government to negotiate Part D prescription drug prices, accelerating the closure of the Part D coverage gap (donut hole), stopping pay-for-delay agreements that keep less expensive generic drugs off the market, promoting faster development of generic biologic drugs, completely

aligning Medicare Advantage (MA) and traditional Medicare payments and halting the practice of “upcoding” that some MA plans engage in to receive higher payments.

Conclusion

Medicare has provided five decades of quality health care to seniors and people with disabilities and lifted generations of Americans out of poverty. It has accomplished this at a cost consistent with or lower than the increase in private health insurance premiums. Medicare’s success has made the program tremendously popular. Across party lines and all age groups, large majorities support our efforts to protect and improve Medicare benefits for all Americans.

Since 1965, Congress has gradually erased some of Medicare’s coverage gaps, but more must be done to make benefits comprehensive and health care delivery more efficient without compromising the quality or accessibility of care.

We urge Congress to focus on improving Medicare with a new sense of urgency because the program – when combined with Social Security – has become increasingly important to the economic security of millions of retirees. That’s because stagnant wages are grinding away at the middle class’s ability to save for retirement. And, many employers have significantly scaled back or eliminated the retirement benefits offered to their employees. As a result, current and future retirees cannot afford proposals to cut benefits, raise the eligibility age or privatize the program.

Instead, now is the time, on the 50th anniversary of Medicare, to build on the program's successes in keeping older Americans healthy and out of the poor house, while also containing costs for seniors and the program itself, by supporting proposals to expand benefits so that Medicare provides comprehensive and affordable health care coverage.

Thank you again for the opportunity to share the National Committee's views on the future of Medicare.