

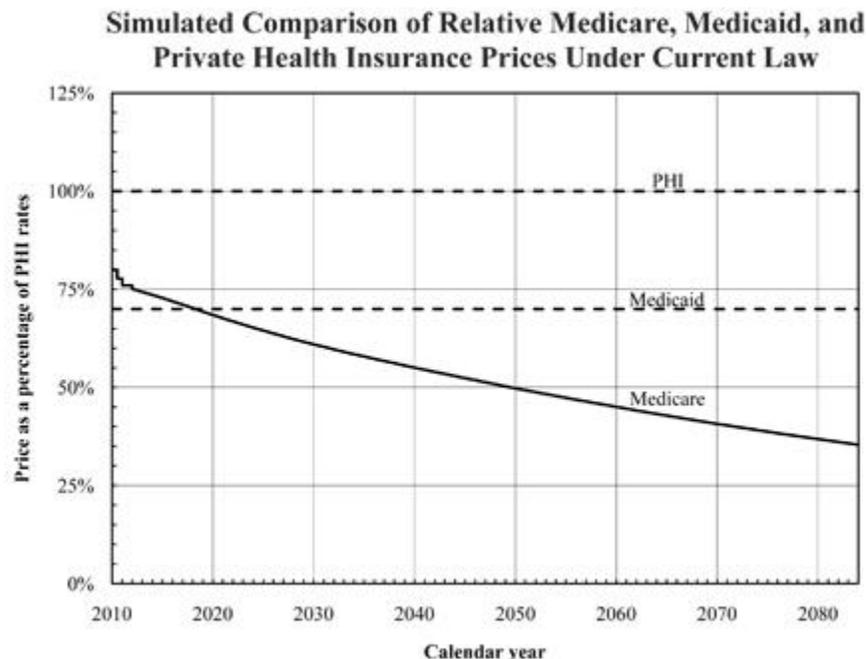
Health Alert | UNPRECEDENTED: Medicare Chief Actuary Disavows Trustees' Report, Publishes an Alternative Report

Written August 9, 2010 by John C. Goodman

For the first time in Medicare history, the Medicare Chief Actuary has called the projections in a [Medicare Trustees Report](#) "unreasonable" and "implausible" and encouraged everyone to ignore them and view instead an ["Illustrative Alternative" report](#). The alternative opens this way:

The Trustees Report is necessarily based on current law; as a result of questions regarding the operations of certain Medicare provisions, however, the projections shown in the report do not represent the "best estimate" of actual future Medicare expenditures.

Noting that the formal Trustees report assumes Medicare physician fees will be reduced by 30% over the next three years, Chief Actuary Richard Foster says that's "implausible." In addition, the Trustees report assumes Medicare fees will fall below Medicaid rates by 2019 and fall further and further behind private payment rates in future years, as the following chart shows:



As explained in an [April 22 report by Foster](#), the health reform law will cause:

- Cuts in Medicare spending of \$575 billion over the next decade.
- 7½ million members of Medicare Advantage plans to lose their coverage and cause another 7½ million to face higher premiums and benefit cuts.
- About one in seven facilities - hospitals, skilled nursing facilities, home health agencies, and hospices - to become unprofitable and possibly drop out of Medicare altogether.
- Many doctors to quit seeing Medicare patients entirely.

The alternative report says that the number of facilities that would become unprofitable will grow to 25% by 2030 and 40% by 2050 if the health reform law is implemented as written.

John C. Goodman is president and CEO of the [National Center for Policy Analysis](#). The Wall Street Journal and the National Journal, among other publications, have called him the "Father of Health Savings Accounts," and the Media Research Center credits him, along with former Sen. Phil Gramm and columnist Bill Kristol with playing the pivotal role in the defeat of the Clinton Administration's plan to overhaul the U.S. health care system. He is also the Kellye Wright Fellow in health care. The mission of the Wright Fellowship is to promote a more patient-centered, consumer-driven health care system.



[Dr. Goodman's health policy blog](#) is the only right-of-center health care blog on the Internet. It is the only place where pro-free enterprise, private sector solutions to health care problems are routinely examined and debated by top health policy experts throughout the country-conservative, moderate and liberal.