



AMERICAN ACADEMY *of* ACTUARIES

August 31, 2011

Dear Senator/Representative:

As you begin the challenging work of the Joint Select Committee on Deficit Reduction, I urge you to use this opportunity to develop sound public policy proposals to improve the long-term solvency and sustainability of the Medicare program.

With Medicare's critical role of ensuring access to health care for Americans age 65 and older and certain younger adults with permanent disabilities, we as a nation cannot afford to have this important program continue on its current financial path. Rising health care spending threatens not only the sustainability of the Medicare program and the overall health system but also the nation's fiscal health.

As you consider potential Medicare reforms in the context of deficit reduction, it is important to evaluate the impact those reforms could have on the viability of the Medicare program including cost, access, and quality of care. In addition, improving Medicare's long-term sustainability requires slowing the growth in overall health spending—not simply shifting costs from one payer to another.

Medicare's sustainability is a core issue for the American Academy of Actuaries<sup>1</sup> and, as one of our highest public policy priorities, we would welcome the opportunity to be of assistance to you as you consider reforms that would affect Medicare and/or the health system as a whole. We are committed to providing objective actuarial information and analysis related to Medicare and other health-related issues. To orient you to some of our ongoing work, our Medicare Steering Committee has issued several recent publications that we commend to your attention, including:

- *An Actuarial Perspective on Proposals to Improve Medicare's Financial Condition* (May 2011) summarizes the key cost, access, and quality issues associated with some of the Medicare-related provisions in the various debt- and deficit-reduction proposals.  
[http://www.actuary.org/pdf/Medicare\\_Financial\\_IB\\_Final\\_051211.pdf](http://www.actuary.org/pdf/Medicare_Financial_IB_Final_051211.pdf)
- *Medicare's Financial Condition: Beyond Actuarial Balance* (May 2011) highlights the key findings in the 2011 Medicare Trustees' Report.  
<http://www.actuary.org/pdf/health/Medicare%20Financial%20IB%20Final%20052511.pdf>
- Presentation from a recent Capitol Hill briefing the Academy hosted that break down some of the trustees' key findings as well as outlining several options for reforming the program.  
[http://www.actuary.org/pdf/health/MedicareTrusteesBriefing\\_Presentation\\_110527.pdf](http://www.actuary.org/pdf/health/MedicareTrusteesBriefing_Presentation_110527.pdf)

In addition to these documents, we have a number of other publications on our website that address payment and delivery system reforms, which have the potential to control costs and improve quality

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<sup>1</sup> The American Academy of Actuaries is a 17,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

through better alignment of incentives to encourage integrated and coordinated care. All of these publications can be found at [http://www.actuary.org/issues/health\\_reform\\_implementation.asp](http://www.actuary.org/issues/health_reform_implementation.asp).

If you have any questions or if you would like to discuss in more detail any implications various reforms may have on the Medicare program, please contact Heather Jerbi, the Academy's senior health policy analyst (202.785.7869; [Jerbi@actuary.org](mailto:Jerbi@actuary.org)).

Sincerely,

Edwin C. Hustead, MAAA, FSA, EA  
Chairperson, Medicare Steering Committee  
American Academy of Actuaries

Cc: Mark Prater, Staff Director, Joint Select Committee on Deficit Reduction