Pay for Interventions That Work in Medicare

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Medicare pays for many products, procedures, and services that do not produce better clinical outcomes than less costly alternatives.

These include:

• Proton beam therapy for prostate, lung, esophagus, and other nonpediatric cancers
• Vertebroplasty (spine bone fusion) for spinal fractures
• Elective cardiac stents for patients before maximal medical therapy
• Routine tumor markers for follow-up after treatment of solid cancers
• Third-line chemotherapy for metastatic lung cancer patients
• MRI for new presentation of back pain
• Cardiac stress testing for asymptomatic patients
• Ten doses of radiation instead of one dose for painful bone metastases

Medicare beneficiaries should be able to receive such services, but there is no reason why Medicare should pay more than it does for less costly alternatives that produce the same clinical outcomes.

Medicare used to have a “least costly alternative” policy, which limited payment to the amount paid for the least costly alternative. But that policy was successfully challenged in court because Medicare did not have the statutory authority to implement it. Congress should grant such authority to Medicare.

Recommendation

If a treatment has a less costly alternative that produces the same clinical outcomes, Medicare should reimburse only the price of the less costly alternative. The Institute of Medicine would report annually a list of products, procedures, and services that do not produce better clinical outcomes compared to existing alternatives.

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