

The Future of Medicare

5 Proposals on the Table in Washington

Say

You've Earned a

Raise the Medicare Eligibility Age

Right now: Since Medicare's creation in 1965, the eligibility age has been 65 (for people without disabilities.)

What's on the table?

Raise the eligibility age from 65 to 67. Some proposals would gradually raise Medicare's eligibility age from 65 to 67. So instead of receiving health coverage through Medicare, 65- and 66-year-olds would need to enroll in coverage through an employer plan or a government program (such as Medicaid) or purchase their own coverage on the individual market or through a health insurance exchange.

Why do it?

- This change would align the eligibility ages of both Social Security and Medicare.
- This change helps account for the fact that Americans are living longer.

Why not?

- This change would raise total health care spending, impose significant financial burdens on many financially vulnerable seniors and impose new costs on businesses and state governments.
- It would reduce seniors' access to coverage, and burden the most vulnerable with higher costs.

Raise Medicare Premiums for Higher-Income Beneficiaries

Right now: The premiums people pay for doctor visits (Part B) and prescription drugs (Part D) cover about 25 percent of what Medicare spends on these services. Individuals with annual incomes of more than \$85,000 and couples with annual incomes above \$170,000 pay premiums that are up to three times higher than premiums for lower income individuals.

What's on the table?

Raise premiums for higher-income beneficiaries. Under several proposals, these higher-income beneficiaries would be required to pay as much as 15 percent more than they currently pay for Parts B and D.

Why do it?

- This change would improve Medicare's finances by bringing in more premium revenue, but without imposing burdens on modest-income seniors.
- This is already accepted for parts B & D.

Why not?

- Higher-income already pay more in Medicare payroll taxes before retirement and are currently paying higher Medicare premiums.
- This could potentially drive higher-income people out of Medicare and increase costs for those that remain in the program.

Require Drug Companies to Give Rebates or Discounts to Medicare

Right now: Currently, prescription drug manufacturers are required to give rebates or discounts to the Medicaid program. However, Medicare Part D — the optional prescription drug coverage — does not require similar manufacturer rebates or discounts.

What's on the table?

Under some proposals, prescription drug manufacturers would be required to provide Medicare Part D with the same rebates or discounts as those Medicaid receives for drugs purchased by certain low-income Part D enrollees.

Why do it?

- Manufacturers were required to provide rebates or discounts for this population prior to Medicare Part D.
- The discounts will reduce seniors' premiums and co-payments, and save Medicare money.

Why not?

- Restoring the discounts would increase costs for non-Medicare beneficiaries.
- Lower drug prices would discourage medical research.

Change Medicare to a Premium Support Plan

Right now: Beneficiaries receive health care coverage through Medicare or private insurance plans (Medicare Advantage). The program is funded by payroll taxes, general government revenue, and payments from beneficiaries. Beneficiaries enrolled in the program pay premiums, deductibles, and co-pays.

What's on the table?

Under some proposals, newly eligible Medicare beneficiaries would receive their health coverage through private insurance plans, not traditional Medicare. Beneficiaries would choose among competing plans and the federal government would contribute a fixed amount to pay the premiums for the private insurance plan. If the private insurance premiums are higher than the federal contribution, seniors would be required to pay the difference. If the government's annual contribution does not increase by the same amount as the annual cost increase in premiums, beneficiaries would pay the difference, which would get larger over time.

Why do it?

- This proposal would put Medicare on a budget, reducing the burden on taxpayers.
- It could provide seniors with more control in the choice to pay less for limited networks of providers or more for unlimited choice of providers. Modest or lower-income older people would receive more premium support for their Medicare costs than higher-income ones under certain plans.

Why not?

- This change does not control rising health care costs.
- These plans would force an increase in seniors out-of-pocket spending.
- There is a high risk that with the passage of time, benefits will become increasingly inadequate or beneficiary costs will become much higher.

Add Co-Pays for Certain Medicare Services

Right now: Medicare does not charge a co-pay for beneficiaries whose doctors prescribe home health care or for the first 20 days in a skilled nursing facility, or a copay for laboratory services (such as blood and diagnostic tests).

What's on the table?

- Some proposals would require a copay for home health care, including one that would require a payment of \$100 for home health episodes with five or more home health visits and add copays for the first 20 days of care in a skilled nursing facility.
- Other proposals would require beneficiaries to pay 20 percent of the cost of laboratory services.

Why do it?

- Shifting more of the cost for these services to Medicare beneficiaries will reduce Medicare costs and help to improve the long-term stability of the program.
- Imposing a copayment for home health, skilled nursing facility and laboratory services will discourage unnecessary use of these services.

Why not?

- This change increases out-of-pocket costs and may cause individuals not to get needed services.
- State governments would also pay more, as Medicaid would be responsible for the copayments of low-income Medicare beneficiaries who receive assistance from Medicaid.

“Both Medicare and Social Security are critical benefits. These should both be top priorities.”

– S. Eichelberger, Tacoma, WA

earnedasay.org