Fact Sheet: District of Columbia

Changing Medicare to a Premium Support Model Could Hurt D.C. Residents

Olivia Dean
AARP Public Policy Institute

Since its inception over 50 years ago, the Medicare program has provided people on Medicare with a guaranteed set of benefits. Some proposals call for replacing those guaranteed benefits with a fixed dollar amount that beneficiaries would use to purchase their health care coverage. This approach is known as a premium support model, sometimes also referred to as vouchers. Under most premium support models, people on Medicare would choose between competing private health plans and Traditional Medicare coverage. A person’s premium would be the difference between the “voucher” value and the cost of the insurance coverage he or she chooses. Premium support raises several concerns, including increased costs for beneficiaries. It could shift more costs to Medicare beneficiaries over time, when many simply cannot afford to pay more for their health care.

How Would Premium Support Affect D.C. residents?

Future Medicare beneficiaries in Washington D.C. will pay more under premium support.

About 17 percent (or 110,829) of D.C. residents are between the ages of 50 and 64 today and will transition into Medicare over the next 15 years. According to a federal report, most people who enroll in Traditional Medicare will pay higher out-of-pocket costs in a premium support system.

Even current Medicare beneficiaries will likely face higher costs.

Most premium support proposals would not require current and soon-to-be Medicare beneficiaries to enroll in a premium support system. These seniors would be able to remain in the current system. However, their premiums could still rise over time as younger, healthier, and less expensive people enroll in a separate premium support system. In 2015,

- Medicare provided coverage for 72,453 D.C. residents of all ages, or about 11 percent of the city’s population.

- About 83 percent of Medicare beneficiaries in Washington D.C. were over age 65 and 17 percent were younger people with disabilities under the age of 65.

The numbers show that Medicare beneficiaries in Washington D.C. already have a choice between Traditional Medicare and private plans.

Currently, private health plans in Medicare – called Medicare Advantage plans – offer an alternative to Traditional Medicare. In Washington D.C., this means that:

- In 2015, 11,773 D.C. residents, or about 16 percent of Washington D.C.’s Medicare beneficiaries, were enrolled in a Medicare Advantage or other health plan.
• The remaining **60,680** D.C. **residents** were enrolled in Traditional Medicare.

**Many Medicare beneficiaries in Washington D.C. are in poor health and could face increased financial distress under premium support.**

Seniors with chronic health conditions or who have a disability rely on Medicare for needed health care services. Many **D.C. residents** with Medicare already pay substantial out-of-pocket costs and would have difficulty absorbing higher health care costs that would likely accompany a premium support system, making it more difficult for them to access necessary care.

• The burden of chronic disease is high in Washington D.C.. In 2014, approximately **20,913** (or **29%**) of Medicare beneficiaries in **Washington D.C.** had two or three chronic health conditions; **14,247** (or **20%**) had four or five; and **9,737** (or **14%**) had six or more.

• In 2015, **17 percent** of Medicare beneficiaries in **Washington D.C.** were living with disabilities.

**Many Medicare beneficiaries in Washington D.C. have low incomes and would be at risk of catastrophic out-of-pocket costs under premium support.**

Under premium support, people with limited financial resources may be forced to enroll in less expensive plans, with more limited benefits and restrictive provider networks. These lower-priced plans could also have high deductibles and other cost-sharing requirements that would put individuals at risk for not receiving needed care due to costs they could not afford.

• The median personal income among **D.C. residents** 65 and older in 2015 was **$30,800**.

• **13 percent** of **D.C. residents** ages 65 and older lived below the Federal Poverty Level in 2015.

• In 2013, **Washington D.C.** had **29,000** people dually enrolled in Medicare and Medicaid; those people could be at risk for higher costs or losing needed care under premium support.

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2 Total Medicare enrollment excludes beneficiaries with only Part A or Part B.

3 Medicare Advantage and other health plans refer to plans offered by private companies approved by Medicare to provide hospital and medical coverage.

4 The U.S. Census Bureau’s poverty threshold was $11,880 for a family of one in 2015.