

Commentary

THE BUFFIN FOUNDATION

SOCIAL AND ECONOMIC DEVELOPMENT ISSUES

Changing Medicare Eligibility

The Washington DC-based National Academy of Social Insurance recently published an important Health Policy Issue Brief *Changing Medicare Eligibility: Program Design Challenges*. The National Academy of Social Insurance is a nonprofit, nonpartisan organization made up of the nation's leading experts on social insurance. Its mission is to advance solutions to challenges facing the nation by increasing public understanding of how social insurance contributes to economic security. A central challenge in health-care policy is determining how to meet the healthcare needs of adults under age 65 who are currently uninsured or underinsured, in a manner that is affordable and fiscally sustainable. A number of various proposals to change Medicare eligibility have recently moved to the forefront of the public debate on the future of national healthcare in the United States. Since the beginning of the Medicare program in 1965, older Americans have become eligible for benefits at age 65, but the eligibility age has not changed since then. Some proposals would make incremental decreases or increases to the age of eligibility while retaining the existing financing structure. Others would permit persons under age 65 to buy-in to Medicare on payment of a premium to cover the cost of benefits. Of most significance, from the perspective of achieving a comprehensive national healthcare program, are proposals to create a *Medicare for All* program that would cover the entire population of the United States and be fully financed by tax revenues. The specifications for these various proposals have not been fully researched and, if adopted, would present significant technical and program design issues on the path to implementation. These issues include: benefits and cost sharing; traditional Medicare and private plans; relationship to employer-sponsored health insurance; relationship to the Affordable Care Act (ACA) marketplace

and Medicaid; premiums and subsidies; encouraging participation and continuity of coverage; provider payment rates and participation; financing arrangements; and transition and implementation issues.

The current Medicare program does not have a limit on catastrophic out-of-pocket spending and does not provide benefits in a single package. Medicare beneficiaries may receive benefits either through traditional Medicare or through private Medicare Advantage plans. Some buy-in proposals would offer those who are eligible for employment-based coverage the choice to participate while others would not. An expanded Medicare program may be designed as a partial or complete replacement of the ACA marketplaces, an offering within the marketplaces, or as an optional alternative to the marketplaces. The out-of-pocket cost of health coverage under any proposal to change Medicare eligibility, as well as its attractiveness to potential enrollees, will depend on how unsubsidized premiums are set and the extent of premium and cost-sharing assistance that is available to low-income beneficiaries. In contrast to Medicare's design that assures nearly universal participation among eligible seniors, for Medicare buy-in proposals, stability in enrollment may be absent or weakened, potentially leading to adverse selection. Expanding eligibility for Medicare allows for the possibility of reducing healthcare costs by paying doctors, hospitals, and other providers lower rates than full commercial rates. With the federal government facing large and growing deficits, any expansion of Medicare eligibility that would add to the deficit should be paid for; some plans would be entirely financed by additional premiums and others would be entirely financed by taxation. Depending on their scope, changes in eligibility for Medicare would take time and resources to put in place. Administrative funding should be adequate, and the

implementation schedule should be ambitious yet realistic. Changing eligibility for Medicare today is more complicated than starting from a largely blank slate, as was the case when Medicare first began. Healthcare spending represents a vastly large share of the national economy, many people earn their livelihood in the health-care sector, more sources of healthcare coverage are available, and any change is likely to disadvantage some people while it helps others, at least in the short run. This complexity contributes to the challenges that must be addressed in designing policy options to expand eligibility for Medicare.

The National Academy of Social Insurance proposes to convene a Study Panel to examine *Changing Medicare Eligibility: Key Program Design Features, Challenges, and Options*. This proposed Study Panel will explore a carefully circumscribed range of issues and questions related to changing Medicare eligibility and prepare a report analyzing the issues and questions considered. The Academy proposes to build on the foundation set out in its recently-published Issue Brief by applying the resources of the Study Panel to examine specific implications and other potential approaches for modifying the eligibility age for Medicare. The Study Panel will also take into consideration other recent and forthcoming expert nonpartisan research and proposals, including papers and discussions relating to the topic. This work will take place during calendar year 2019, with the objective of producing a final report to be issued by January 2020.

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