

# Medicare-for-All and Other Public Plan Options

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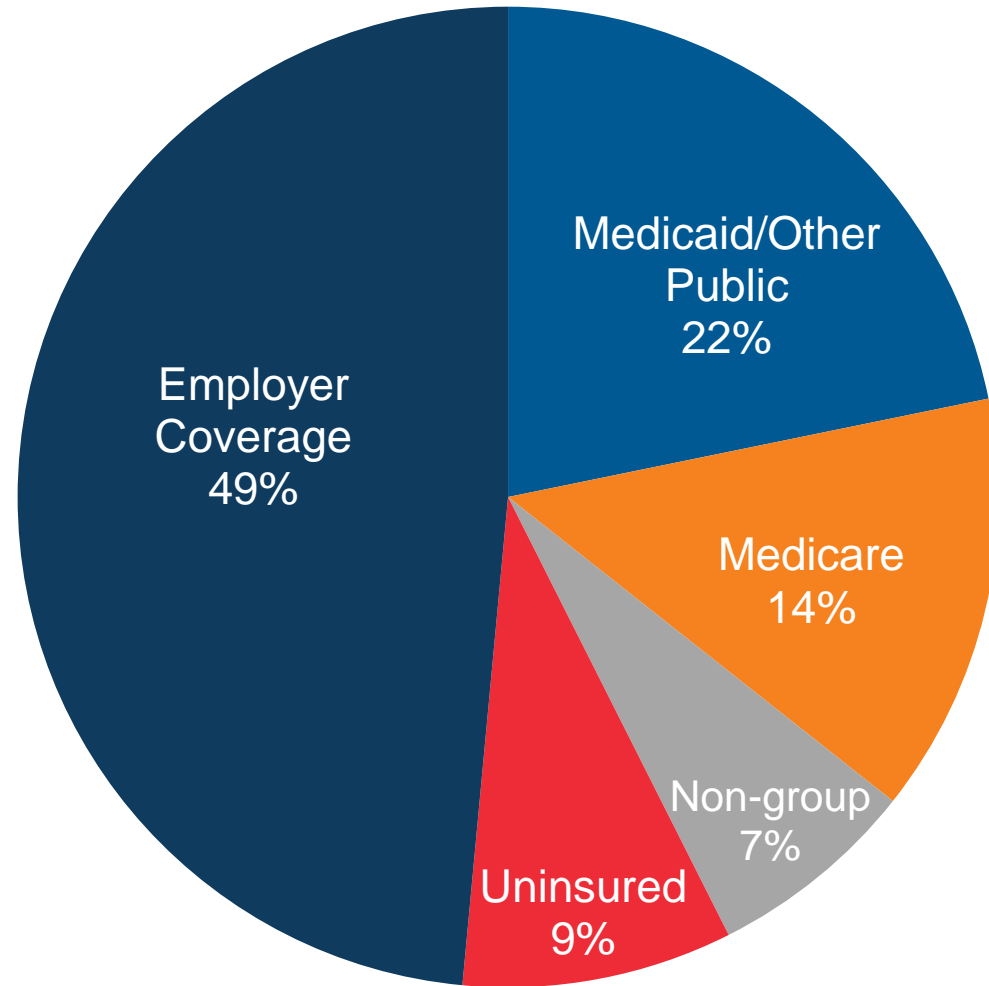
LCAO Health Committee



# Medicare-for-All and Public Plan Options: Major Drivers

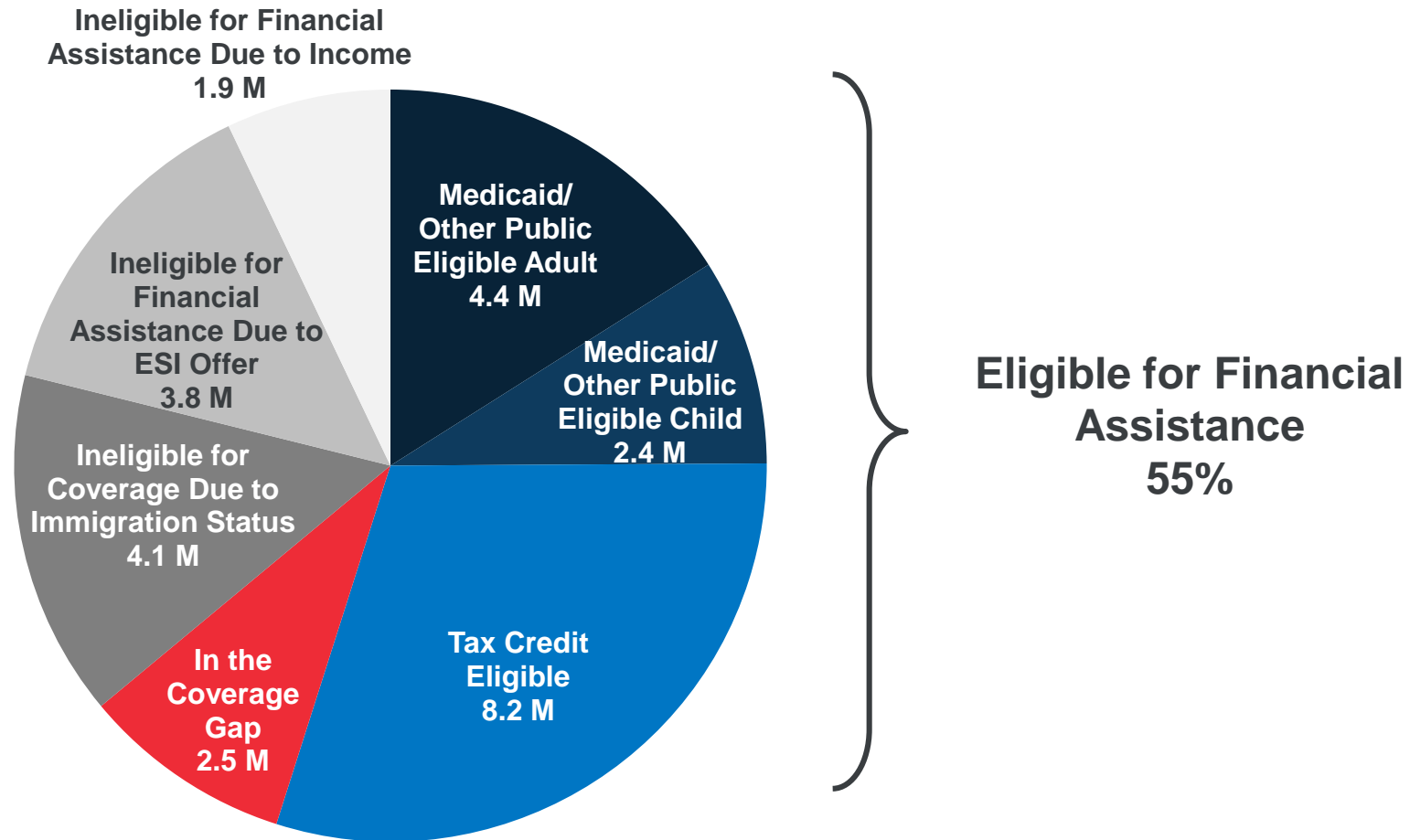
- Address shortcomings in current system, including but not limited to the marketplace
- Guarantee universal coverage for more/all
- Make health care more affordable
- Broaden benefits to address diverse needs
- Make system more consumer-friendly; fewer hassles for consumers

# Health Coverage of the Total Population, 2017



**Total Population = 317 million**

# Roughly half of the uninsured are eligible for financial assistance

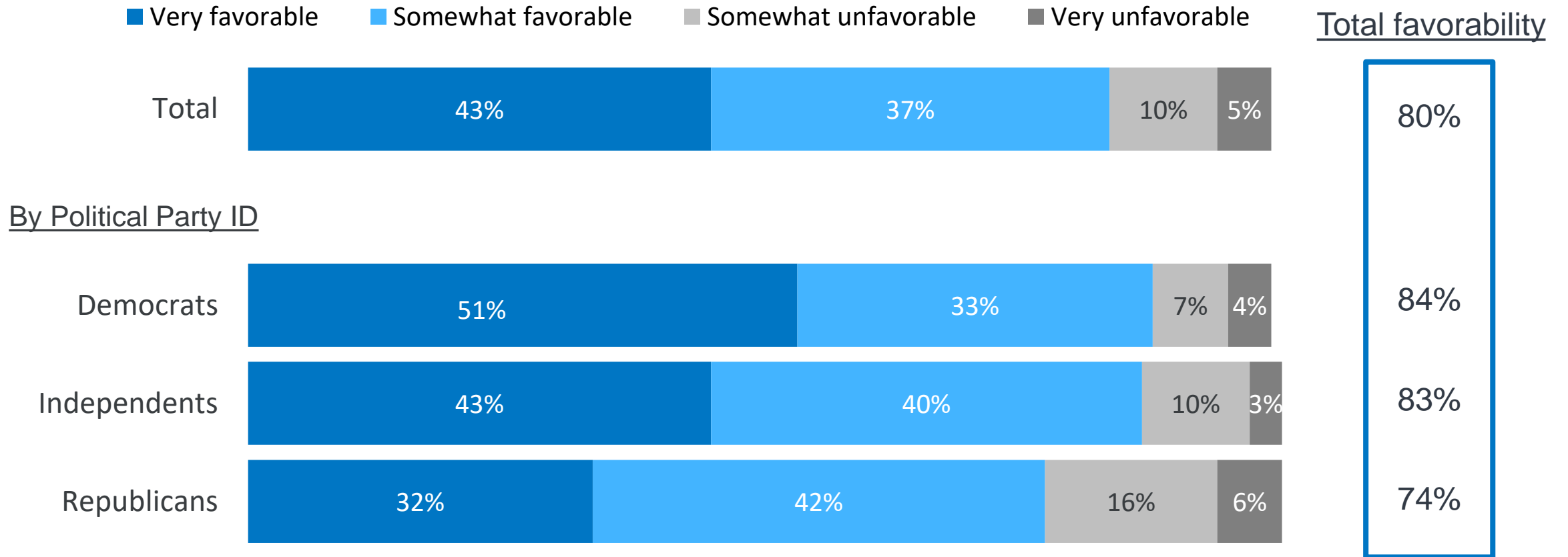


**Total = 27.4 million nonelderly uninsured, 2017**

SOURCE: Kaiser Family Foundation, "The Uninsured and the ACA: A Primer - Key Facts about Health Insurance and the Uninsured amidst Changes to the Affordable Care Act," January, 2019.

# Why “Medicare”? It’s popular

In general, do you have a favorable or an unfavorable opinion of Medicare?



# Four General Approaches

*(Not counting bills to improve the ACA without a public plan)*

Medicare-for-All	Public Plan Option	Medicare Buy-In	Medicaid Buy-In
<b>116<sup>th</sup> Congress (2019-2020)</b>			
<i>Coming soon...</i>	<p><b>Keeping Health Insurance Affordable Act of 2019</b> Sen. Cardin</p> <p><i>Stay tuned for others...</i></p>	<p><b>The Medicare at 50 Act</b> Sen. Stabenow</p> <p><b>Medicare Buy-In Act of 2019</b> Rep. Higgins</p>	<p><b>State Public Option Act</b> Sen. Schatz Rep. Luján</p>
<b>115<sup>th</sup> Congress (2017-2018)</b>			
<p><b>Medicare for All Act of 2017</b> Sen. Sanders Rep. Ellison/Jayapal</p>	<p><b>The Choice Act</b> Rep. Schakowsky Sen. Whitehouse</p> <p><b>The Medicare-X Choice Act</b> Sen. Bennet Rep. Higgins</p> <p><b>The Choose Medicare Act</b> Sen. Merkley Rep. Richmond</p> <p><b>Medicare for America Act of 2018</b> Rep. DeLauro</p>	<p><b>The Medicare at 55 Act</b> Sen. Stabenow</p> <p><b>Medicare Buy-In and Health Care Stabilization Act of 2017</b> Rep. Higgins</p>	<p><b>State Public Option Act</b> Sen. Schatz Rep. Luján</p>

# Four Prototype Approaches (High Level Description)

Medicare-for-All	Public Plan Option	Medicare Buy-In	Medicaid Buy-In
All US residents in one new “Medicare” program	New public plan available to people eligible for marketplace or broadened to include others, such as immigrants and employees	New Medicare plan offered to people ages 50 to 64, with same benefits, but different (Marketplace) approach to premiums, cost-sharing. Separate financing. Does <b>not</b> lower age of Medicare eligibility.	Option for states to create Medicaid buy in for residents who are otherwise eligible for the marketplace and not covered under other health programs/plans
No premiums or cost-sharing (minimal cost sharing for Rx)	ACA premium tax credits and cost-sharing subsidies apply (and/or enhanced) to the public plan	<p>Premiums cover 100% of benefit and administrative cost (national or varies by geography)</p> <p>ACA premium tax credits apply to premium for Medicare (50-64)</p> <p>Enhanced cost-sharing subsidies apply to Medicare A/B/D and marketplace (Higgins, 115<sup>th</sup> C)</p>	States determine premiums; ACA premium tax credits and cost sharing subsidies apply
ACA benefits plus dental, vision, hearing (LTSS covered in 115 <sup>th</sup> House bill; by Medicaid in 115 <sup>th</sup> Senate bill)	ACA Essential Health Benefits (or more comprehensive benefits)	Medicare A/B/D benefits and cost sharing; Senate bill specifies benefits may be offered by Medicare Advantage plans	ACA Essential Health Benefits
Provider payments based on Medicare rate; global budgets	Provider payments same as Medicare (or higher)	Provider payments same as Medicare	Provider payments same as Medicaid; Medicare rates for primary care docs
Replaces all other sources of coverage (except VA and IHS)	<p>Retains all/ some other sources of coverage</p> <p>Most leave Medicare unchanged; Merkley (115<sup>th</sup>) adds an out-of-pocket limit for traditional Medicare</p>	Retain all other sources of coverage; retain current Medicare program w/ no impact on premiums, benefits/Trust Fund	Retains all other sources of coverage
Redistributes finances; new revenues TBD	Government negotiates Rx prices for public plan and current Medicare program	Government negotiates Rx prices for 50-64 and current Medicare program	

# Medicare-for-All: Prototype Approach

## Medicare-for-All

All US residents in one new “Medicare” program

No premiums or cost-sharing (minimal cost sharing for Rx)

ACA benefits plus dental, vision, hearing (LTSS covered in 115<sup>th</sup> House bill; by Medicaid in 115<sup>th</sup> Senate bill)

Provider payments based on Medicare rate; global budgets

Replaces all other sources of coverage (except VA and IHS)

Redistributes finances; new revenues TBD



# Public Plan Option: Prototype Approach

## Public Plan Option

New public plan available to people eligible for marketplace or broadened to include others, such as immigrants and employees

ACA premium tax credits and cost-sharing subsidies apply (and/or enhanced) to the public plan

ACA Essential Health Benefits (or more comprehensive benefits)

Provider payments same as Medicare (or higher)

Retains all/ some other sources of coverage

Most leave Medicare unchanged; Merkley (115<sup>th</sup>) adds an out-of-pocket limit for traditional Medicare

Government negotiates Rx prices for public plan and current Medicare program

# Currently, older adults (ages 50-64) who are not eligible for premium tax credits face high premiums (>400% FPL)

## *In the health insurance marketplace in 2019:*

- An individual 50 years old making \$50,000 will pay:
  - **\$8,022 in annual premiums** for a silver plan
  - 16% of their total annual household income on healthcare
- An individual 62 years old making \$50,000 will pay:
  - **\$12,904 in annual premiums** for a silver plan
  - 26% of their total annual household income on healthcare



# Medicare Buy-In: Prototype Approach

## Medicare Buy-In

New Medicare plan offered to people ages 50 to 64, with same benefits, but different (Marketplace) approach to premiums, cost-sharing. Separate financing. Does **not** lower age of Medicare eligibility.

Premiums cover 100% of benefit and administrative cost (national or varies by geography)

ACA premium tax credits apply to premium for Medicare (50-64)

Enhanced cost-sharing subsidies apply to Medicare A/B/D and marketplace (Higgins, 115<sup>th</sup> C)

Medicare A/B/D benefits and cost sharing; Senate bill specifies benefits may be offered by Medicare Advantage plans

Provider payments same as Medicare

Retain all other sources of coverage; retain current Medicare program w/ no impact on premiums, benefits/Trust Fund

Government negotiates Rx prices for 50-64 and current Medicare program

# Medicaid Buy-In: Prototype Approach

## Medicaid Buy-In

Option for states to create Medicaid buy in for residents who are otherwise eligible for the marketplace and not covered under other health programs/plans

States determine premiums; ACA premium tax credits and cost sharing subsidies apply

ACA Essential Health Benefits

Provider payments same as Medicaid; Medicare rates for primary care docs

Retains all other sources of coverage

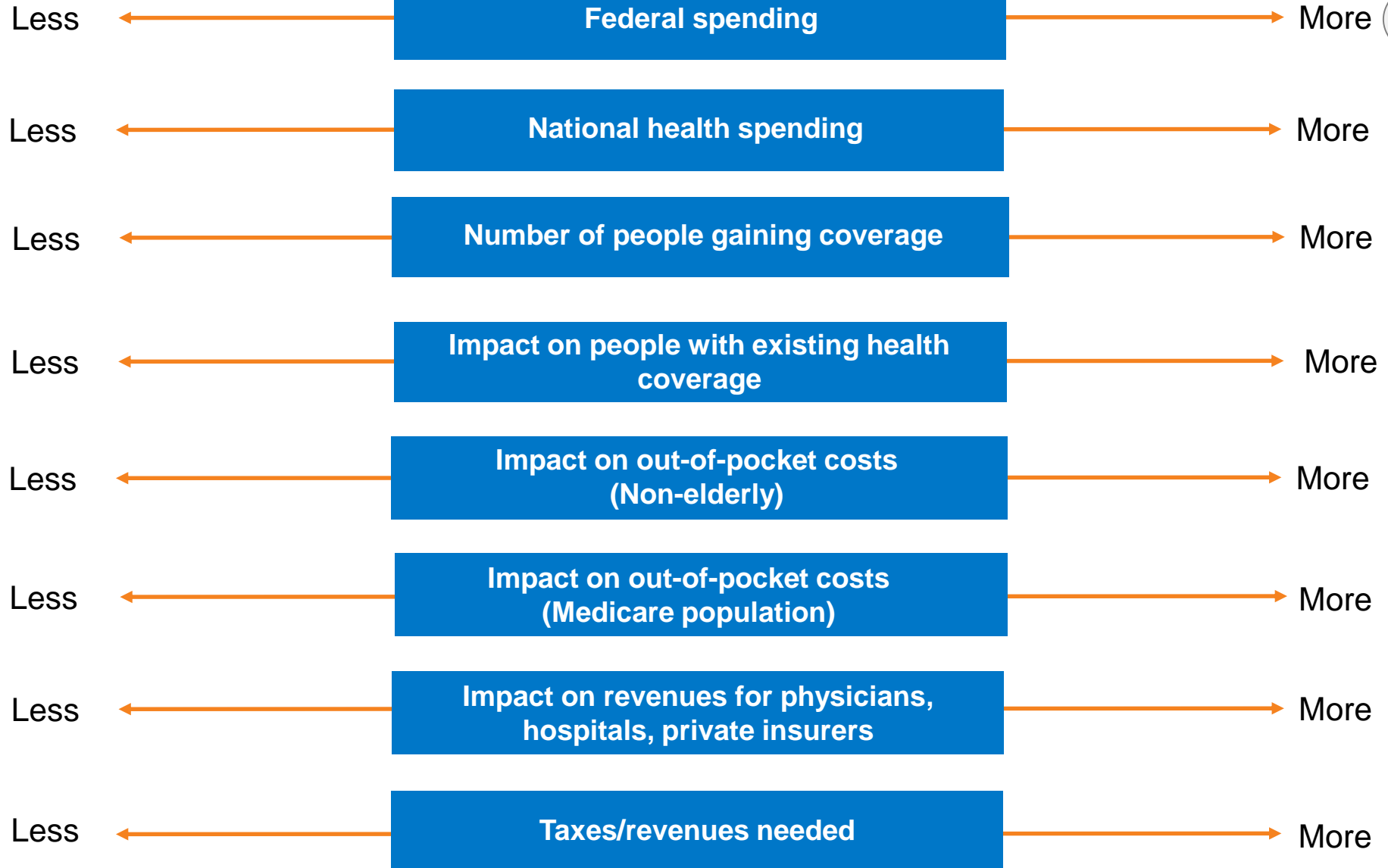
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# Likely Impact Varies Across Proposals

Other Proposals

Medicare-for-All



# What are the implications for older adults and people with disabilities currently covered under Medicare?

1. Does the proposal replace or retain the Medicare program?
  - Medicare-for-All would replace it all together
  - Public Plan, Medicare Buy-In and Medicaid Buy-In proposals retain the current program
  - Medicare “buy in” for older adults uses similar architecture but creates a parallel Medicare program for 50-64 year olds; firewall between old/new Medicare
  
2. For proposals that replace the current Medicare program...
  - Are beneficiaries better off or worse off?
    - Benefits, premiums, cost-sharing, access to providers, quality of care, taxes
  - Is the financing more or less stable for the current Medicare population?
  
3. For proposals that retain the current Medicare program...
  - How does the public plan compare to the current Medicare program?
    - Benefits? Cost-sharing? Consumer Protections?
    - Low income assistance (premium tax credits; cost-sharing subsidies)
  - Does the proposal make improvements to the current Medicare program?
  - Does the proposal address prescription drug costs under Medicare? (many do)
  - How does the public plan compare to the marketplace plans?

# Medicare-for-All proposals address Medicare benefit gaps and cost issues; other proposals more focused on marketplace/non-elderly

## Current Medicare Program: Benefit Gaps and Cost Issues



*Out-of-pocket expenses in traditional Medicare (Parts A and B) – No cap*



*Long-term services and supports – very limited coverage*



*Out-of-pocket spending on prescription drugs – No hard cap*



*Behavioral health and provider access issues*



*Routine eye exams or eyeglasses – not covered*



*Dental services – not generally covered*



*Hearing aids – not covered*

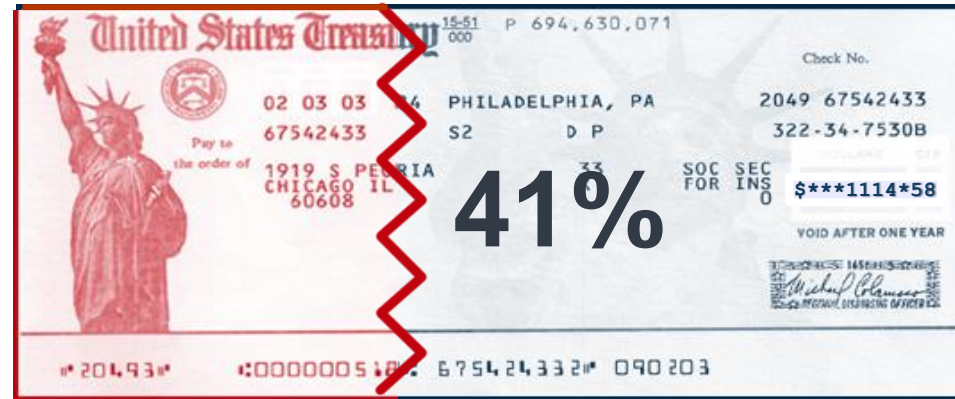


*Limited low-income protections (subject to asset test)*

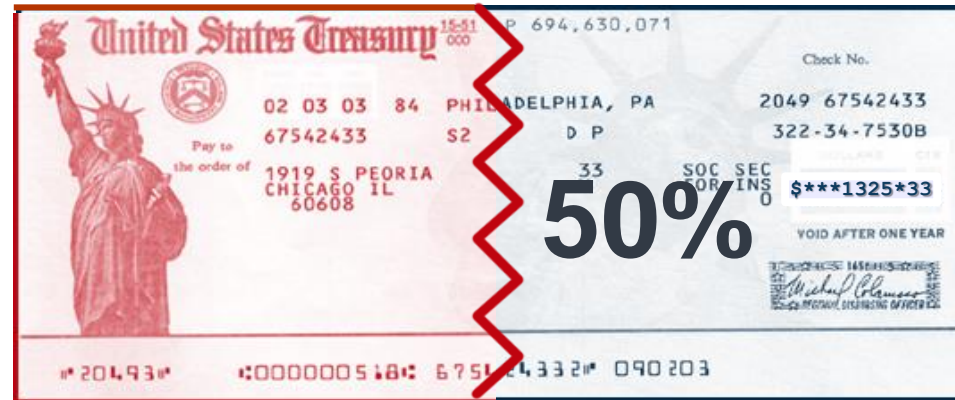


Out-of-pocket spending on health care accounts for 41 percent of average Social Security payments for Medicare beneficiaries, rising to 50 percent by 2030

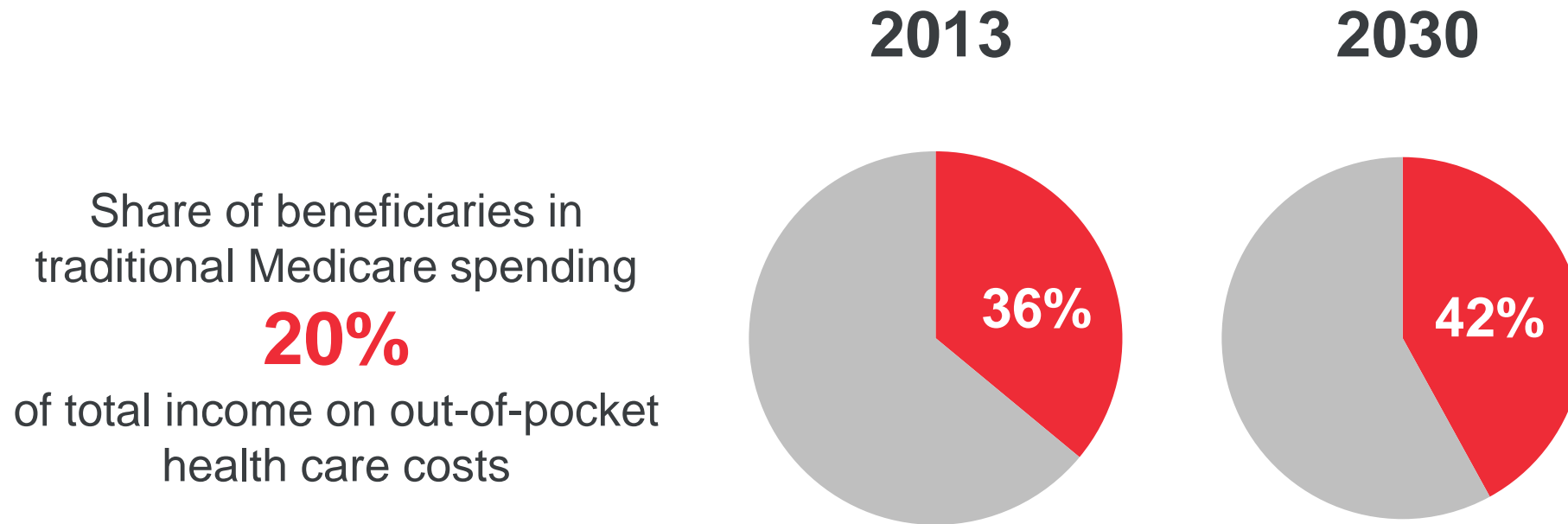
2013



2030

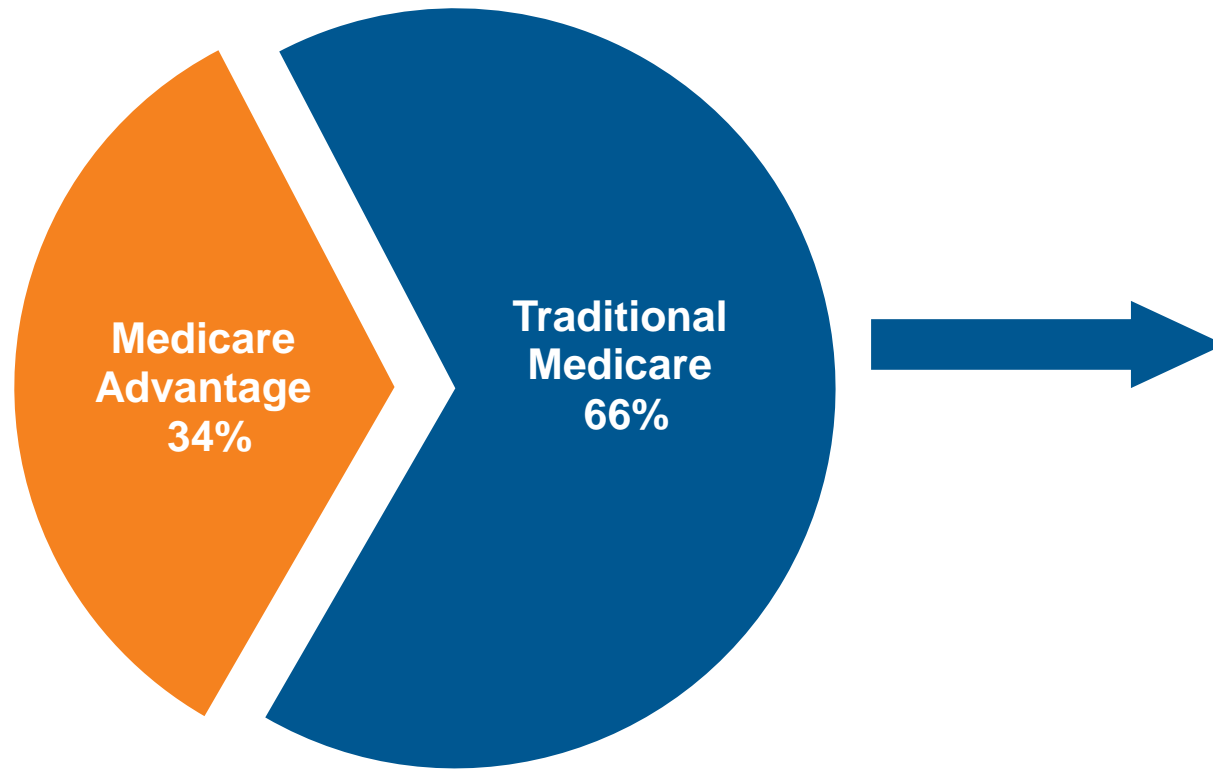


By 2030, more than 4 in 10 beneficiaries in traditional Medicare are projected to spend at least 20% of their per capita total income on out-of-pocket health care spending



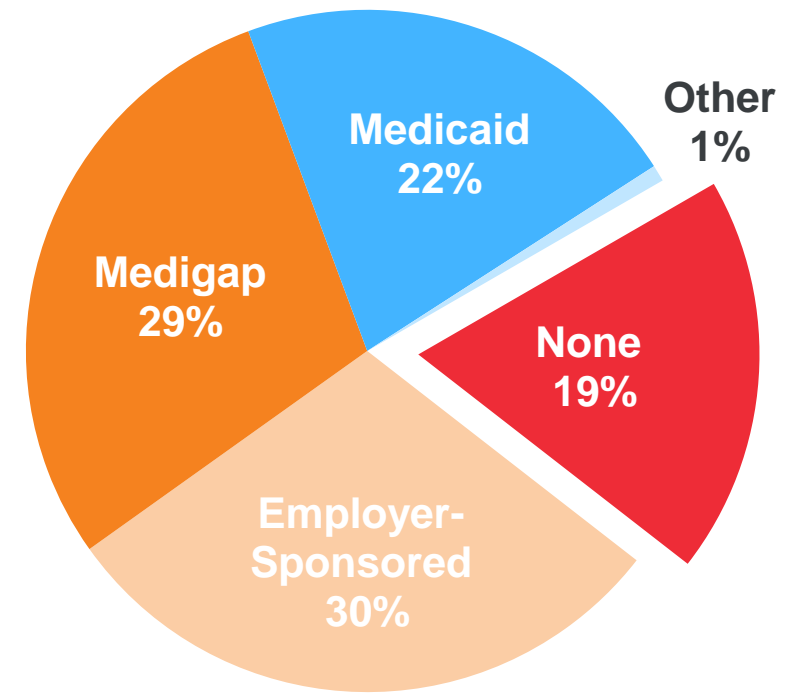
# Private health plans play a larger role in covering people with Medicare than many may think – a feature that has not gotten much attention

One third of all Medicare beneficiaries are in a Medicare Advantage plan



61 million total Medicare beneficiaries, 2019

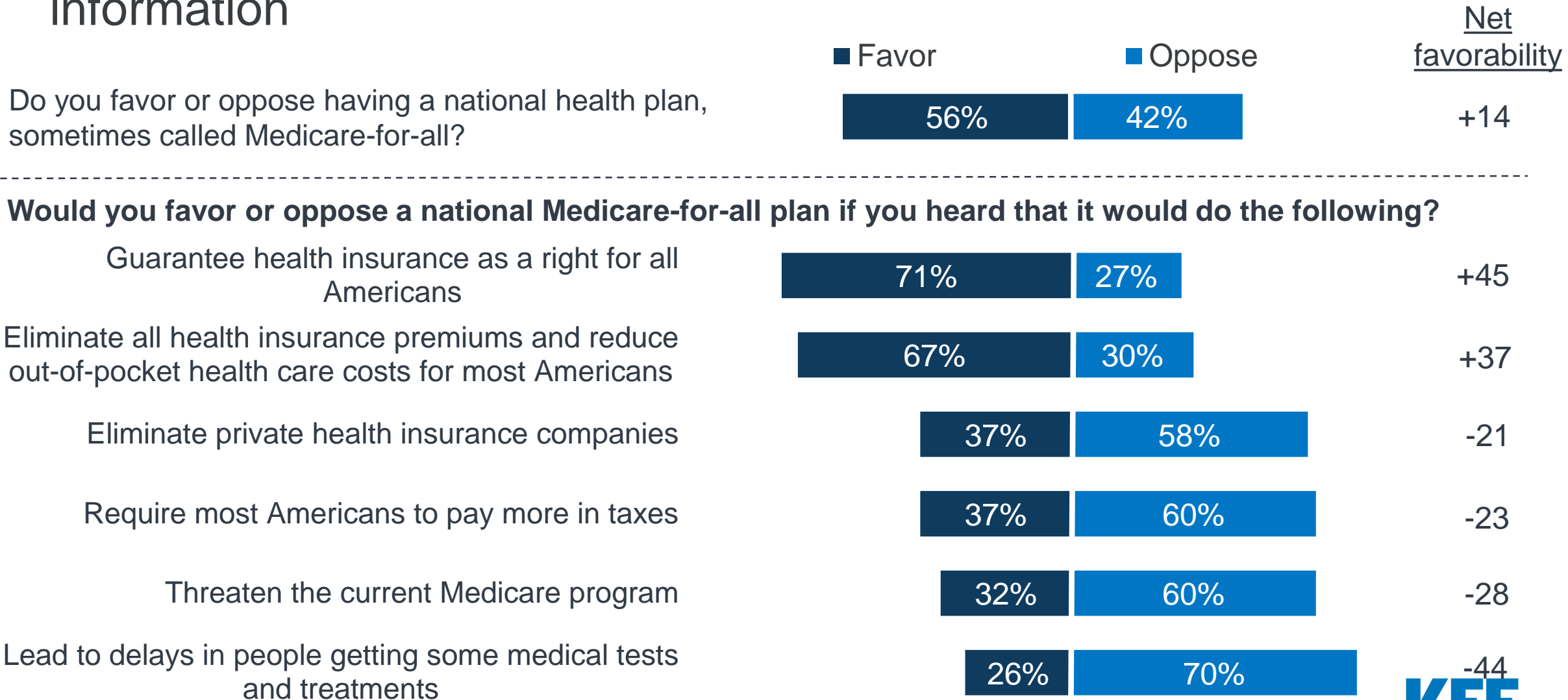
Most beneficiaries in traditional Medicare have supplemental coverage



32.4 million beneficiaries in traditional Medicare, 2016

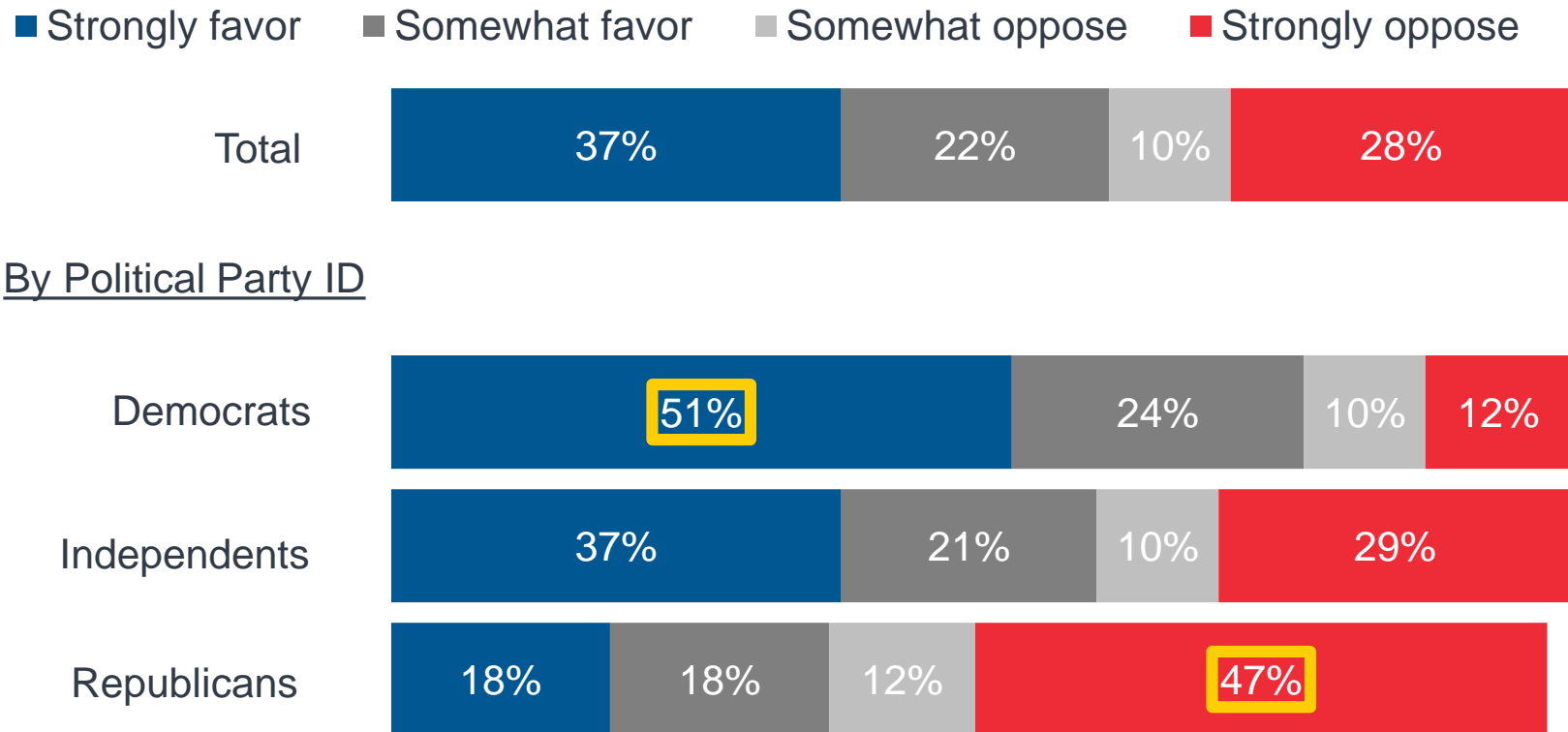
SOURCE: Kaiser Family Foundation, "An Overview of Medicare," February, 2019; Kaiser Family Foundation, "Sources of Supplemental Coverage Among Medicare Beneficiaries in 2016," November, 2019.

# Public's views of Medicare-for-All shift significantly after hearing information



# Similar shares of Republicans “Strongly Oppose” and Democrats “Strongly Favor” national health plan

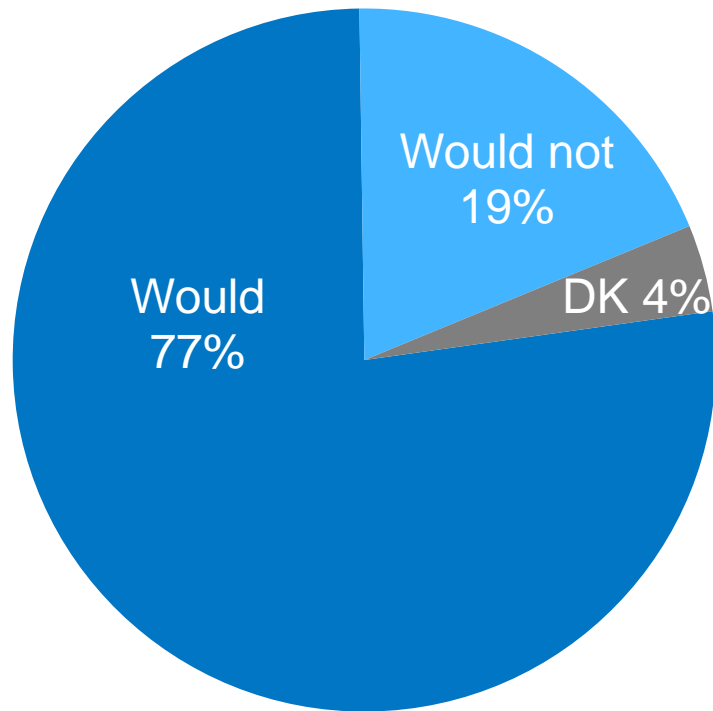
Do you favor or oppose having a national health plan, or Medicare-for-all, in which all Americans would get their insurance from a single government plan?



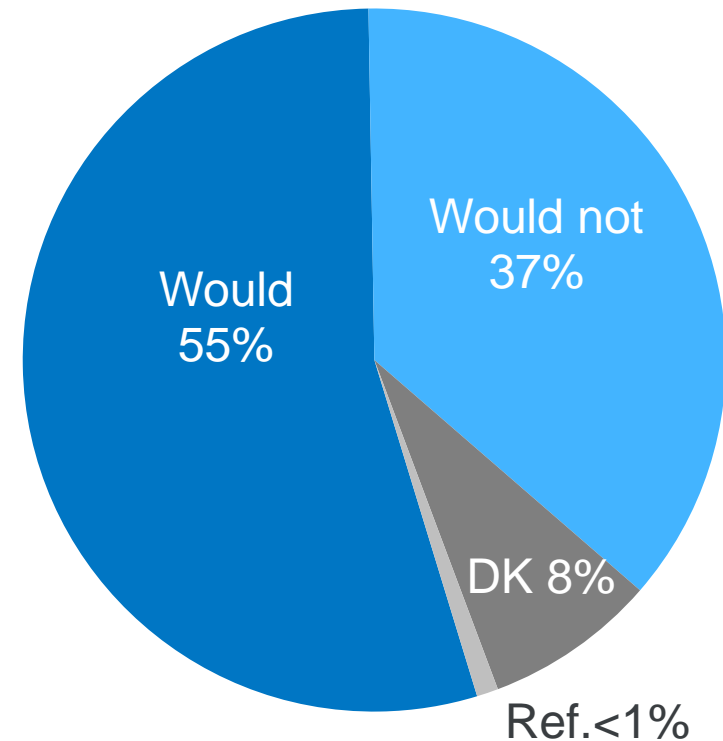
# Most are aware under Medicare-for-All they would pay more in taxes, but some confusion over ability to keep current coverage

Percent who think that, if a national health plan was put into place, they and their family would...

...have to **pay more in taxes** to cover the cost of health insurance



...be **able to keep their current health insurance**



NOTE: DK represents "I don't know" response option.

SOURCE: KFF Health Tracking Poll (conducted January 9-14, 2019). See topline for full question wording and response options.

## Questions and Outlook

- Medicare-for-All and public plan proposals will be a 2020 election issue
- Opportunity to think through main objectives, tradeoffs, nuts and bolts
- Many factors will shape the debate, including real *and perceived* winners and losers
  - Consumers (affordability; potential disruption in coverage; taxes)
  - Employers (potential savings; less admin burden; taxes)
  - States (potential savings; less admin burden; taxes)
  - Hospitals, physicians, drug companies, medical suppliers, etc. (potential revenue loss; opportunity for admin savings; jobs)
  - Private insurance industry (potential revenue loss; jobs)
- CBO has yet to score any of these proposals – THIS MATTERS
- TBD: Emphasis on meeting the needs of an aging population and people with disabilities

## Medicare Resources on KFF.org

- ✓ Compare Medicare-for-All and Public Plan Proposals
- ✓ Medicare-for-All and Public Plan Buy-In Proposals: Overview and Key Issues
- ✓ Public Opinion on Single-Payer, National Health Plans, and Expanding Access to Medicare Coverage

Thank you.