



Medicare: Strong and Built to Last

Since 1965, Medicare has ensured access to guaranteed health care benefits for older adults and people with disabilities. Today, Medicare takes center stage in the nation's deficit reduction debate. Despite popular support for the program, some argue that Medicare must be drastically changed to shrink the deficit.

Yet, in a recent national poll, most people — **77 percent** of those polled — oppose cutting Medicare to reduce the nation's budget deficit.¹ To help inform the Medicare debate, here are some facts worth considering.

Medicare builds health and economic security.

- Most people with Medicare have modest incomes. Half of all people with Medicare live on incomes less than **\$22,000** per year and have less than **\$53,000** in personal savings.²
- Older women and people of color live on even less. Median income for older women amounts to just **\$15,072** per year. Similarly, the incidence of poverty is higher among people of color. Older people of color are twice as likely to live in poverty — **18 percent** among African Americans and Hispanic households vs. **7 percent** among white households.³
- People with Medicare already pay a significant amount towards health care. In 2009, they paid **15 percent** of household expenses towards health care costs, compared with only **5 percent** for those not yet on Medicare.⁴

People with Medicare: Arthur

"When I was young, my grandmother lived with my family. I was a teenager when Medicare became law, and I remember the day my grandmother received her first Medicare card. It was a momentous occasion in my household, because up until then, my parents were paying for all of my grandmother's health bills for doctor's visits, procedures, prescriptions — for everything.

After my grandmother became eligible for Medicare, my family was financially able to buy our first car. And being a 17 year old who passed driver's education, I could drive it. Having that car helped me juggle work, school and eventually college. Medicare did more than provide for my grandmother's care — it allowed my parents to become more financially secure and helped me on a path towards a brighter future."

— Arthur Cheliotis, President, Local 1180
Communications Workers of America, AFL-CIO

- Baby boomers need Medicare to retire, particularly due to declining home values, diminished retirement accounts and job loss caused by the economic downturn. Among the future generation of retirees, half will have incomes below **\$27,000**.⁵

— over, please —

Health care costs are the problem. Medicare is a solution.

- Rising health care costs are the real problem — for private health insurance and for Medicare. But Medicare does a better job of controlling health care costs than private health plans. Medicare spending is expected to grow at rates of **3.1 percent** per enrollee per year over the next 10 years compared to **5 percent** for private insurance.
- Radical plans, like those passed by the House of Representatives in March 2012, would replace Medicare's guaranteed benefits with a voucher to buy a private insurance policy. The vouchers would not keep pace with inflation, meaning Medicare beneficiaries would pay thousands more per year.⁶
- Other Medicare proposals that achieve savings merely by shifting costs to beneficiaries include: redesigning the Medicare benefit, prohibiting first-dollar coverage for Medigap coverage, and raising the Medicare eligibility age from 65 to 67. All of these proposals share a common theme: forcing people with Medicare to pay more for less health security.

Medicare is not going bankrupt.

- Medicare will be able to fully pay on claims until **2024**. Improvements passed in the Affordable Care Act (ACA) that address waste, fraud and abuse bought the Medicare Part A trust fund an additional eight years of solvency. This represents one of the longest periods of solvency in history.⁷
- The ACA keeps benefits intact, while improving Medicare's fiscal outlook. Estimates suggest that over the next 10 years, the ACA will save Medicare over **\$700 billion**, primarily by decreasing overpayments to private Medicare Advantage plans and achieving other efficiencies.⁸

People with Medicare: Emily

"Just two months ago, I was diagnosed with colon cancer. I cannot afford the treatment I need to get well. My husband and I live on \$2,500 per month, or about \$30,000 per year. While our incomes do not stretch very far for two people, our incomes are too high to qualify for public programs that help with the cost of health care.

I have a Medicare Advantage plan, but it does not cover enough. My chemotherapy sessions cost \$600 each, and my doctor just prescribed a new medicine that costs \$700 every three weeks. Together, that is almost half of our monthly income! Unless I can find a charity to help pay for my costs, I will have to start skipping chemotherapy or go without my medication.

— Emily
Richmond, Va.

1. Washington Post and Kaiser Family Foundation. "Medicare, Social Security Cuts Face Wide Opposition" (July 25 – August 5, 2012)

2. Kaiser Family Foundation. "Projecting Income and Assets: What Might the Future Hold for the Next Generation of Medicare Beneficiaries?" (June 2011)

3. Kaiser Family Foundation. "Key Issues in Understanding the Health and Economic Security of Current and Future Generations of Seniors" (March 2012)

4. Kaiser Family Foundation. "Health Care on a Budget: the Financial Burden of Health Spending by Medicare Households" (March 2012)

5. Kaiser Family Foundation. "Projecting Income and Assets: What Might the Future Hold for the Next Generation of Medicare Beneficiaries?" (June 2011)

6. Center for American Progress Action Fund. "Increased Costs During Retirement Under the Romney-Ryan Medicare Plan" (August 2012); Cutler, D. "A Follow-Up on the Analysis of the Romney-Ryan Medicare Plan" (September 2012)

7. The Boards of Trustees, Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds. "The 2012 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds" (April 2012)

8. Congressional Budget Office. "Letter to the Honorable John Boehner Providing an Estimate for H.R. 6079, the Repeal of Obamacare Act" (July 2012)

plans did have lifetime limits before the ACA. The provision is important for all Americans, but particularly for early retirees who, because of their age, tend to be at risk for catastrophic illnesses and chronic conditions which require costly treatments that, over time, can reach lifetime caps. Banning lifetime limits means that early retirees with insurance will have the coverage they need when they need it the most. Already, 4.6 million people in Illinois are free from worrying about lifetime limits on coverage. The law also restricts the use of annual limits and bans them completely in 2014.

As many as 5.6 million non-elderly Illinoisians have some type of pre-existing health condition. In 2014, these individuals will be able to purchase coverage through the new Illinois Health Insurance Marketplace, which is scheduled to open in October 2013. It is a marketplace where the 1.4 million Illinois residents who are currently uninsured and small businesses will be able to easily compare health insurance options and enroll in health insurance coverage through a website, over the phone, in-person or by mail. Early retirees and other individuals without coverage who have lower incomes (up to 400% of the federal poverty level – a maximum of \$43,320 for an individual and \$88,200 for a family of four) can receive advance tax credits to help pay for coverage through the exchange. For more information call 1-800-318-2596.

Protecting Seniors Who Rely on Long-Term Care Services. The law authorized new criminal background checks on long-term care workers who have access to nursing home residents and seniors who rely on home care. It also strengthens state programs that investigate abuse against vulnerable seniors. The health care reform law requires greater transparency of nursing homes and better information about the quality of nursing care. It also improves the complaint process for consumers and their families. In addition, the law increased protections for spouses of people who receive Medicaid home care services. They will no longer be forced into poverty so that an ill spouse can qualify for Medicaid home care.

For more information: www.healthcare.gov/.

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