

Paying More for Less: Balance Billing

Medicare guarantees access to health care for older adults and people with disabilities. Together with the Affordable Care Act (ACA) and Medicaid, Medicare builds health security for Americans of all ages. Any changes to Medicare must aim for healthier people, better care, and smarter spending—not paying more for less.

Balance billing would allow doctors to bill whatever they choose.

Some policymakers endorse proposals to give Medicare providers the right to charge seniors and people with disabilities more for their care through **balance billing** or **private contracting**. Under these plans, Medicare providers could require patients to negotiate a contract for the cost of their care, and people with Medicare would have additional payments on top of their premiums, copayments, and coinsurance. Unless they successfully negotiate otherwise, patients would also be responsible for filing the Medicare claim.ⁱ

Today, people with Medicare are protected from overcharging.

- In the 1980's, many people with Medicare were unable to afford the prices that some health care providers were charging—amounts over and above the Medicare-approved amount—leading some to go without needed care.
- In response, Congress imposed limitations on providers who accept Medicare that prohibits them from charging beneficiaries more than the Medicare-allowed cost sharing.ⁱⁱ
- According to one study, out-of-pocket spending declined by 9% among older households because of these protections. Further, patient access to doctor's visits and specialty care was unaffected.ⁱⁱⁱ

People with Medicare: Just the Facts

Most people with Medicare cannot afford to pay more. Half of all people with Medicare have incomes less than **\$24,150** per year and have **\$63,350** or less in savings.

People of color live on even less. The median income for black beneficiaries is **\$16,150 per year** and just **\$12,800** for Hispanic beneficiaries.

Older people of color are more likely to live in poverty. The poverty rate is **18%** for black adults over 65 and **20%** for Hispanic adults compared to **7%** for white adults.

People with Medicare already pay a significant amount towards health care. In 2012, they paid **14%** of household expenses towards health care costs, compared with only **5%** for those not yet on Medicare.

Baby Boomers need Medicare to retire. Among future retirees, half will have incomes below **\$28,450** per year and **\$102,800** or less in savings.

Provider participation in Medicare remains stable and strong.

Medicare providers already have flexibility to decide how to participate in Medicare and what cost sharing to accept. Health care providers can choose to:

- Be a **participating** provider and charge only the standard 20% Medicare coinsurance;
- Be a **non-participating** provider which allows providers to charge a limited amount above the standard cost sharing; or
- **Opt out** of Medicare entirely and, within certain rules, charge whatever they choose.^{iv}

Some lawmakers argue that there is a provider shortage in Medicare and balance billing is the solution. **Yet, the facts prove otherwise:**

- More than 9 in 10 primary care physicians accept Medicare, and more than 70% accept new Medicare patients. In rural communities, more than 80% accept new Medicare patients.^v
- An overwhelming majority—96%—of people with Medicare report having regular access to care. More than 8 in 10 report receiving that care at a doctor's office or doctor's clinic.^{vi}
- As of 2013, less than 1% of physicians in clinical practice opted out of Medicare.^{vii} In fact, from 2005–2012, overall provider participation in Medicare increased.^{viii}

Balance billing would create a two-tier Medicare program—one for people who can afford to pay and another for those who cannot.

- Through balance billing, people with Medicare could be subjected to virtually any cost for any service. Providers could freely choose what to charge people with Medicare—**eradicating cost predictability and undermining the doctor-patient relationship.**
- **People with Medicare could lose access to needed care.** Permitting balance billing would bar beneficiaries who are unable or unwilling to pay the price set by their provider—whether or not that price is reasonable. This would essentially create two tiers of beneficiaries—those who can afford needed care and those who cannot. These effects are likely to be most severe in rural communities with fewer providers.

ⁱ See, Medicare Patient Empowerment Act of 2015 (H.R.1650 and S.1849)

ⁱⁱ Kaiser Family Foundation, "Paying a Visit to the Doctor: Current Financial Protections for Medicare Patients When Receiving Physician Services," (November 2016)

ⁱⁱⁱ McKnight, R., "Medicare Balance Billing Restrictions: Impacts on Physicians and Beneficiaries," *Journal of Health Economics* (March 2007)

^{iv} Medicare Interactive, "Paying for the Doctor When You Have Original Medicare," (2017)

^v Kaiser Family Foundation, "Primary Care Physicians Accepting Medicare: A Snapshot," (October 2015)

^{vi} Kaiser Family Foundation, "Medicare Patients' Access to Physicians: A Synthesis of the Evidence," (December 2013)

^{vii} Ibid.

^{viii} ASPE, "Access to Physicians' Services for Medicare Beneficiaries," (August 2013)

Medicare: Strong and Built to Last

57 million Americans rely on Medicare for health insurance coverage.

Medicare does a better job of controlling costs than private health plans. From 2010 to 2015, Medicare spending rose by an average of 1.4% per person per year—less than half the growth rate of private insurance.

Medicare will be able to fully pay on inpatient claims until 2028. Improvements included in the ACA strengthened Medicare's financial outlook.

More than 95% of Americans consider Medicare an important program, and around 90% of Americans want federal Medicare spending to stay the same or increase.