

Paying More for Less: Raising the Eligibility Age

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.**

Since 1965, older Americans have been able to rely on Medicare when they reach age 65. But some policymakers support increasing the Medicare eligibility age by two years, from 65 to 67, as a way to reduce federal Medicare spending. While such a benefit cut may reduce federal expenditures, the full cost of this change—including the financial and health implications for those who could lose Medicare coverage—must be considered.

Many older adults would pay more or go without affordable coverage.

- Between **1.9 million and 3.8 million** people ages 65 and 66 could lose health insurance.ⁱ
- These people would face higher out-of-pocket costs, on average. Two-thirds of this group – 3.3 million people – would face an average of \$2,200 more each year in premiums and cost-sharing charges.ⁱⁱ
- Premiums would likely go up for all people with Medicare coverage. The absence of younger, healthier 65- and 66-year-olds in Medicare would leave an older, sicker, and more expensive group for the federal government to insure.ⁱⁱⁱ

Working-class people and diverse communities would be especially harmed.

- Increasing the Medicare eligibility age is particularly punitive for those who perform physical labor.^{iv} Machine operators, farm workers, and others with jobs that require physical activity and manual labor are often unable to delay retirement.^v
- Diverse communities would be among those hardest hit. People of color tend to be in poorer health at earlier ages, with lower incomes and less wealth. Access to Medicare at the earliest possible age is essential—if not life-saving—for many diverse elders.^{vi}

People with Medicare: Just the Facts

Most people with Medicare cannot afford to pay more. In 2016, half of all Medicare beneficiaries had incomes below **\$26,200** and one quarter had incomes below **\$15,250**.

People of color live on even less. The median income for black beneficiaries is **\$17,350** per year and just **\$13,650** 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 2016, they paid **14%** of household expenses towards health care costs, more than double that of non-Medicare households (**6%**).

Raising the Medicare age is unpopular with Americans of all ages.

- More than 60% of Americans ages 18-54 and nearly 70% of those ages 55-64 do not support raising the eligibility age.^{vii}

Raising the Medicare eligibility age shifts costs to people with Medicare, employers, and states.

- While this proposal would save the federal government money, it would do so by shifting costs to most of the 65- and 66-year-olds who would lose Medicare coverage, employers that provide health coverage for their retirees, Medicare beneficiaries, and states.^{viii}
- Increased state and private sector costs would more than offset any savings to the federal government. Estimates suggest raising the eligibility age would generate \$5.7 billion in net federal savings but \$11.4 billion in higher health care costs to individuals, employers, and states.^{ix}
- Without Medicare, employers would pick up some of the tab to insure 65- and 66-year-olds. If implemented in 2014, employers would have paid an increase of **\$4.5 billion** in employer retiree health care costs.^x
- State Medicaid costs would also rise as some of those who lost Medicare coverage (those with the lowest incomes) would obtain coverage through Medicaid instead.^{xi}

Medicare: Strong and Built to Last

Currently, **59 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.**

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.

People with Medicare: Margaret

"I was uninsured for three years because I lost a job, and I could only find jobs that did not include health care. That all changed when I turned 65 and signed up for Medicare.

That was one of the happiest days of my life! I cannot begin to tell you how relieved I was. And since that time, Medicare has improved to include some preventive care, and that makes it even better."

ⁱ National Committee to Preserve Social Security and Medicare Foundation, "Impact of Raising Eligibility Age of Medicare," (January 2017)

ⁱⁱ National Committee to Preserve Social Security and Medicare Foundation, "Impact of Raising Eligibility Age of Medicare," (August 2017)

ⁱⁱⁱ Center on Budget and Policy Priorities, "Raising Medicare's Eligibility Age Would Increase Overall Health Spending and Shift Costs to Seniors, States, and Employers," (August 2011)

^{iv} Schwartz Center for Economic Policy Analysis, "Over Half of Low-Wage Older Workers Have Physically Demanding Jobs," (January 2017)

^v American Institute for Economic Research, "No Easy Social Security Fix," (May 2012)

^{vi} Medicare News Group, "Raising the Medicare Eligibility Age Harms Minorities, Is a "Benefits Reduction, Experts Say," (August 2012)

^{vii} Kaiser Family Foundation, "Medicare And Medicaid At 50," (July 2015)

^{viii} Center on Budget and Policy Priorities, "Raising Medicare's Eligibility Age Would Increase Overall Health Spending and Shift Costs to Seniors, States, and Employers," (August 2011)

^{ix} Center on Budget and Policy Priorities, “Raising Medicare’s Eligibility Age Would Increase Overall Health Spending and Shift Costs to Seniors, States, and Employers.” (August 2011)

^x Kaiser Family Foundation, “Raising the Age of Medicare Eligibility: A Fresh Look Following Implementation of Health Reform,” (July 2011)

^{xi} Center on Budget and Policy Priorities, “Raising Medicare’s Eligibility Age Would Increase Overall Health Spending and Shift Costs to Seniors, States, and Employers,” (August 2011)