Class 7 – Medicare

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Spring 2018

If you only get one thing . . .

Medicare	Medicaid
Run by federal government	Run by states
Funded only by federal government	Funded jointly by states and feds
Covers seniors, people with disabilities	Historically covers children, parents, low-income seniors, people with disabilities
	Now states can cover low income adults without children
No income exclusion	Income qualifications
Coverage set by fed.s	Coverage set by states

History of Medicare and Medicaid

- Video
  - Kaiser Family Foundation
  - http://kff.org/medicaid/video/medicare-and-medicaid-at-40/

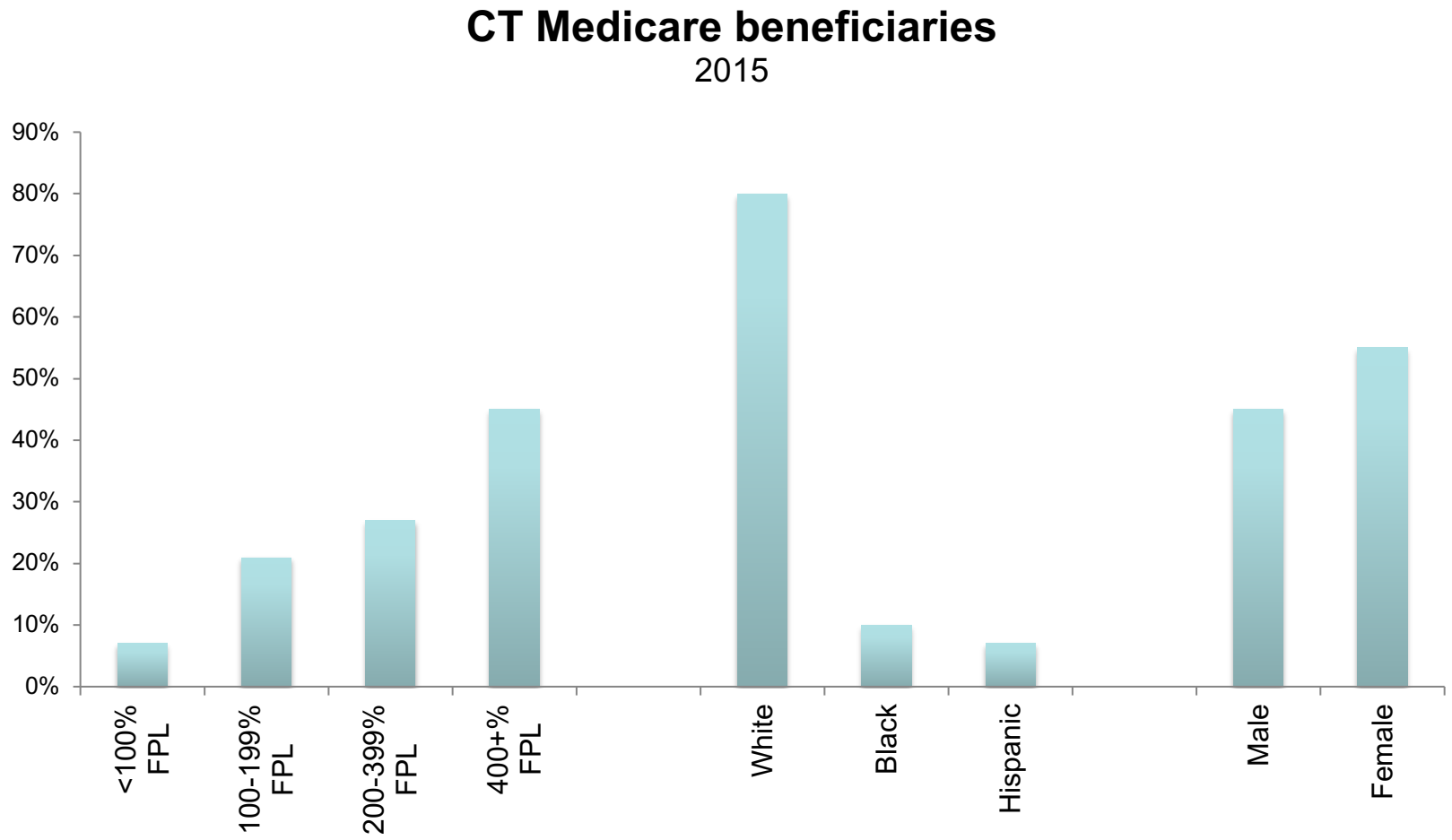
What is Medicare?

- Second largest US coverage program
  - 54.1 million Americans (2016)
  - 605,000 in Connecticut
  - 17% of total US population, 17.2% of CT population
- 69% fee for service, 31% in managed care plans
  - 25% managed care in CT
- Mainly seniors over age 65, people with disabilities
  - CT 87% aged, 13% disabled
- All income levels, but 28% are below 200% FPL in CT
- Run by federal government alone
- Single payer system
- Very popular, especially with beneficiaries

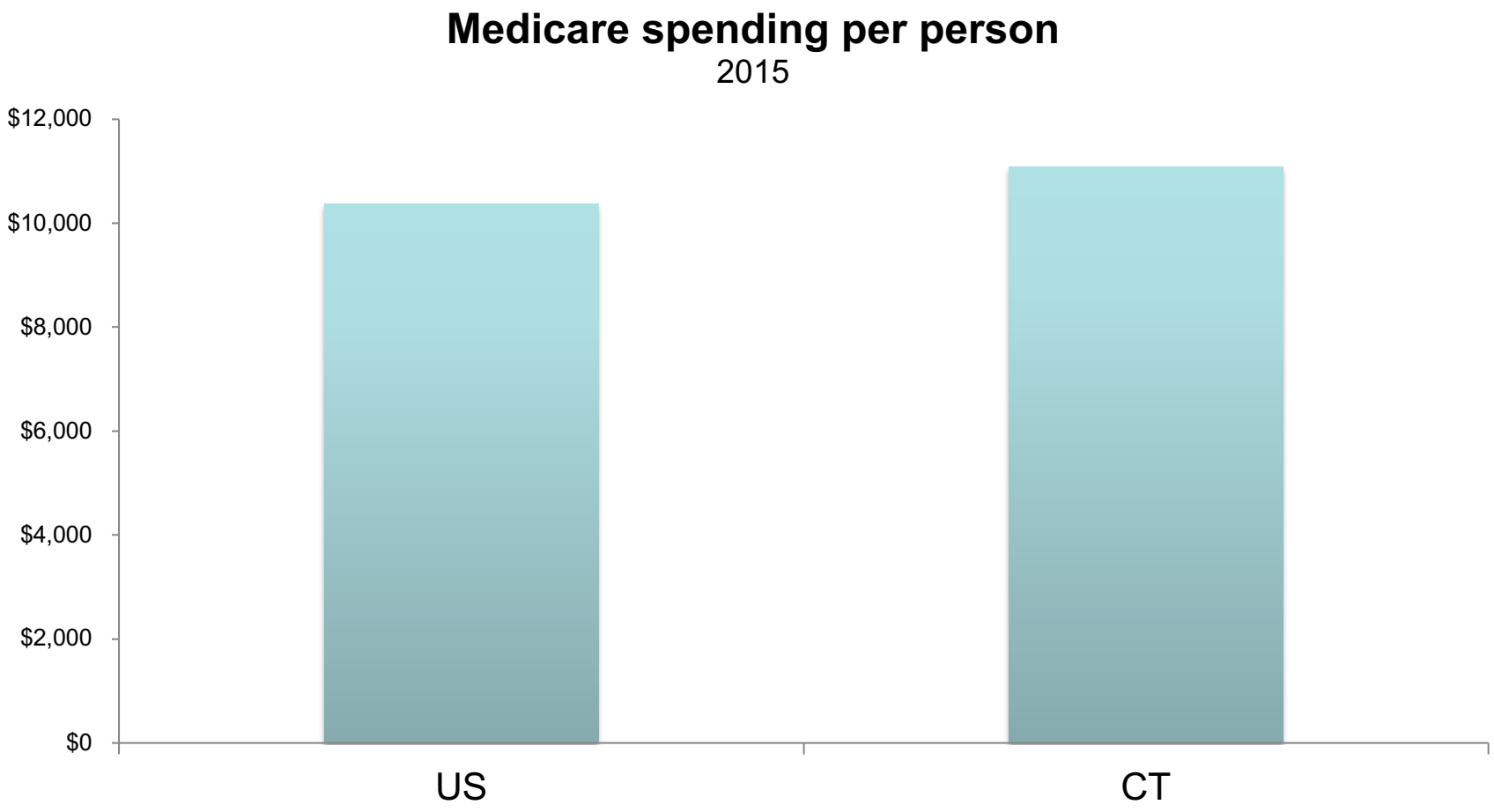
What is Medicare?

- Medicare is the reason that only 0.7% of CT seniors are uninsured, vs. 4.9% of all CT residents
- Most people over age 65 are automatically eligible for Part A, free
- Covers citizens and legal residents
- No pre-existing condition exclusion, eligible regardless of medical history
- Doesn’t cover dental, hearing or vision care
- Limited care for inpatient and nursing home care

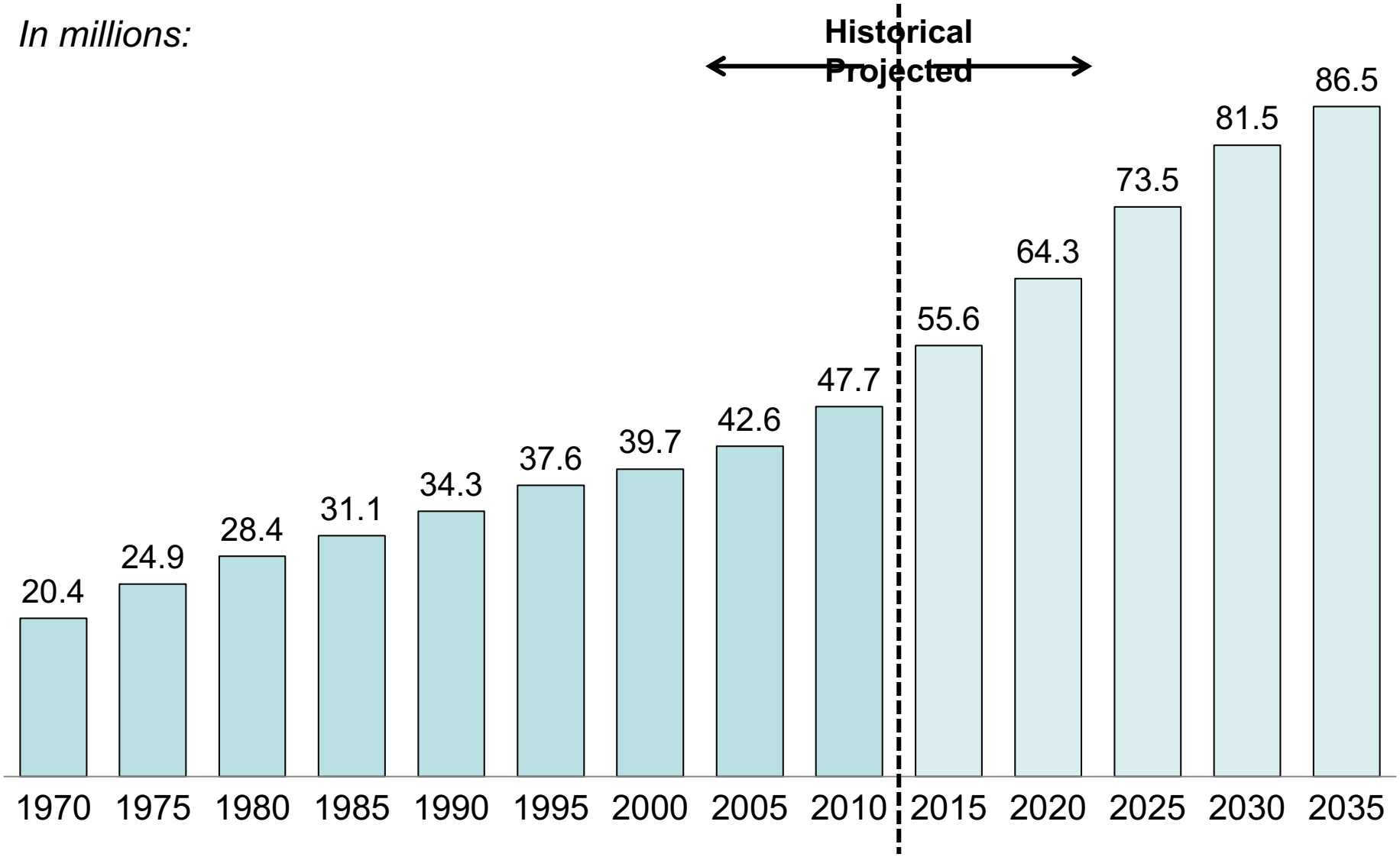
What is Medicare?



Medicare costs per person

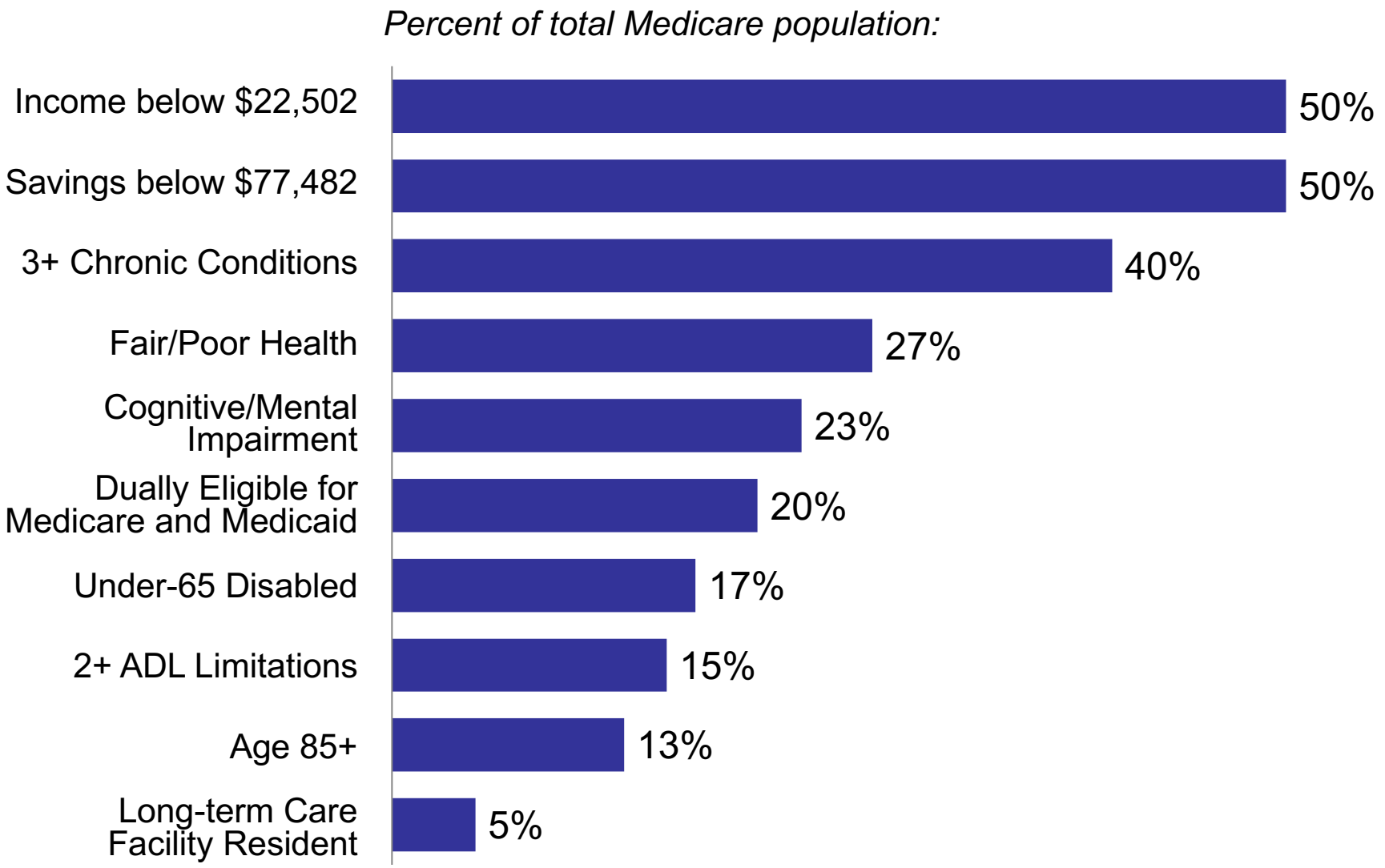


Medicare Enrollment, 1970-2035



SOURCE: 2013 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.

Characteristics of the Medicare Population

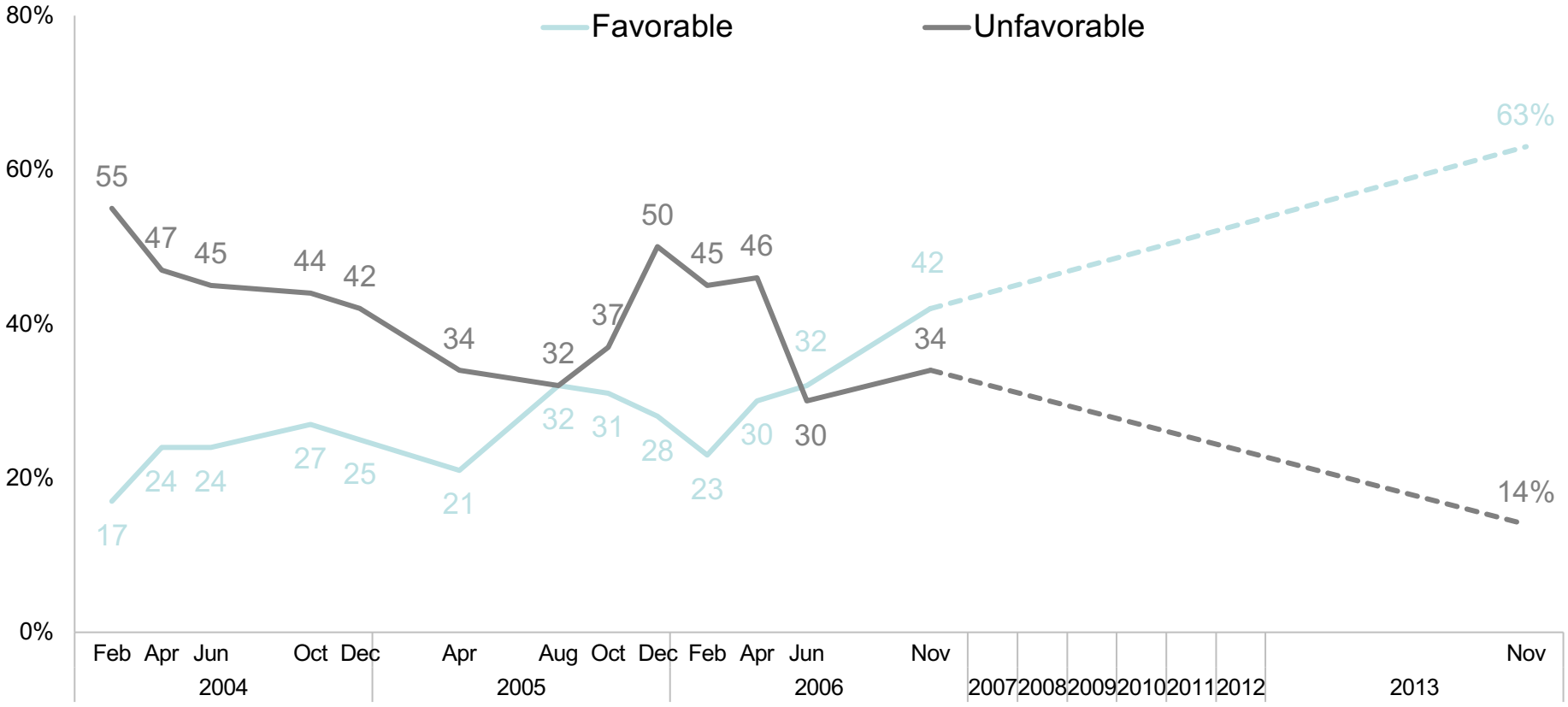


NOTE: ADL is activity of daily living.

SOURCE: Urban Institute and Kaiser Family Foundation analysis, 2012; Kaiser Family Foundation analysis of the Centers for Medicare & Medicaid Services Medicare Current Beneficiary 2009 Cost and Use file.

Seven Years Later, Medicare Part D Popular Among Seniors

AMONG THOSE AGES 65+: As you may know, Medicare provides a prescription drug benefit, known as Medicare Part D. Given what you know about it, in general, do you have a favorable or unfavorable impression of the Medicare prescription drug benefit?



NOTES: Question wording varied slightly in 2004-2006 surveys. Neither/neutral (VOL.) and Don't know/Refused answers not shown.

SOURCE: Kaiser Family Foundation surveys

Parts of Medicare

Parts	Covers
Medicare Part A	Inpatient hospital, skilled nursing facility, some home health, hospice
Medicare Part B	Physician services, tests, outpatient surgery, some home health, DME, one-time “Welcome to Medicare” physical
Medicare Part C	Medicare Advantage -- managed care plans
Medicare Part D	Prescription drug coverage

Medicare Part A

- Hospital coverage
- No premiums for most people
- $1,316 deductible
- Coinsurance for each hospital stay over 60 days
- Hospital coverage limited to 150 days, $329 and up daily costs after 60 days
- Skilled nursing facility covered up to 100 days, daily costs after 20 days

Medicare Part B

- Outpatient care coverage
- Voluntary, but automatic enrollment
- 95% of Part A beneficiaries enroll
- Premiums $109/month, more for higher incomes, deducted from Social Security check
- Premiums rise annually based on program costs
- $183 deductible
- Then 20% coinsurance
- Covers most outpatient care
- 86 % of US beneficiaries have supplemental insurance to cover their costs
  - Through retirement benefits, purchase themselves – Medigap plans, Medicare Advantage, Medicaid

Medicare Part C

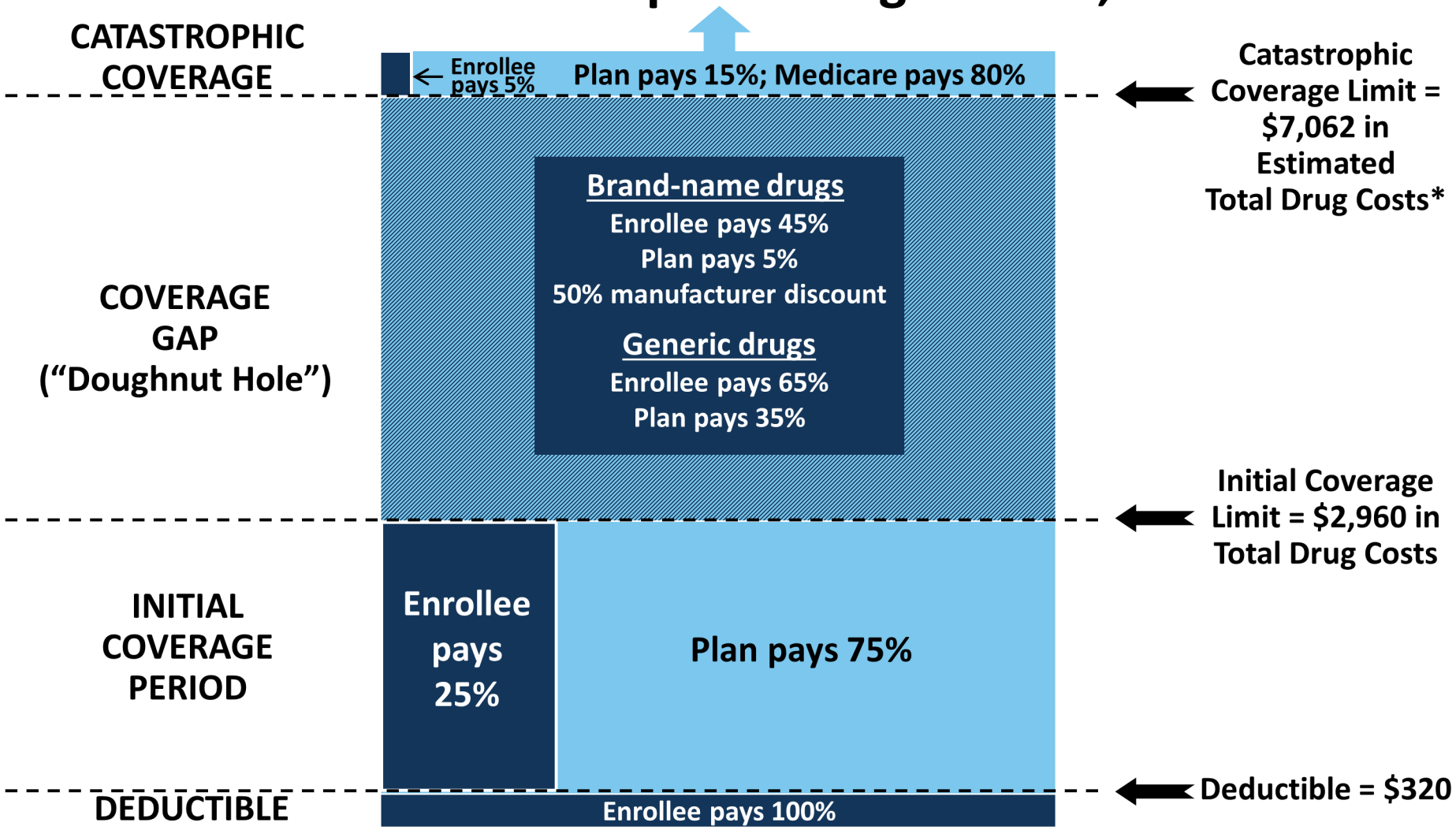
- Medicare Advantage - managed care plans
- Insurer gets a set amount per person, covers medical costs = Financial Risk
- Voluntary, can switch back to fee for service annually
- 31% of beneficiaries US, 25% in CT
- Offer lower cost sharing, lower premiums and/or extra benefits, most include prescription drug coverage
- Eligible for Part C if eligible for Parts A and B
- Have enrolled healthier members
- Pre-ACA plans were paid 14% more than those members would have cost in fee for service
- Lowering rate of increase to Medicare Advantage plans is funding national health reform costs

Medicare Part D

- Prescription coverage
- Available to anyone eligible for Parts A and B
- Voluntary
  - 51% of CT beneficiaries have Part D drug coverage
- Added in 2006
- Through private plans, 26 choices in CT
- Premiums vary by plan and across the country
  - CT average $52.73/month + for higher incomes
  - US average $54.16/month
- Standard benefit
- Seniors still paying premiums while in donut hole
- Under ACA, donut hole phases out by 2020

Figure 8

Standard Medicare Prescription Drug Benefit, 2015



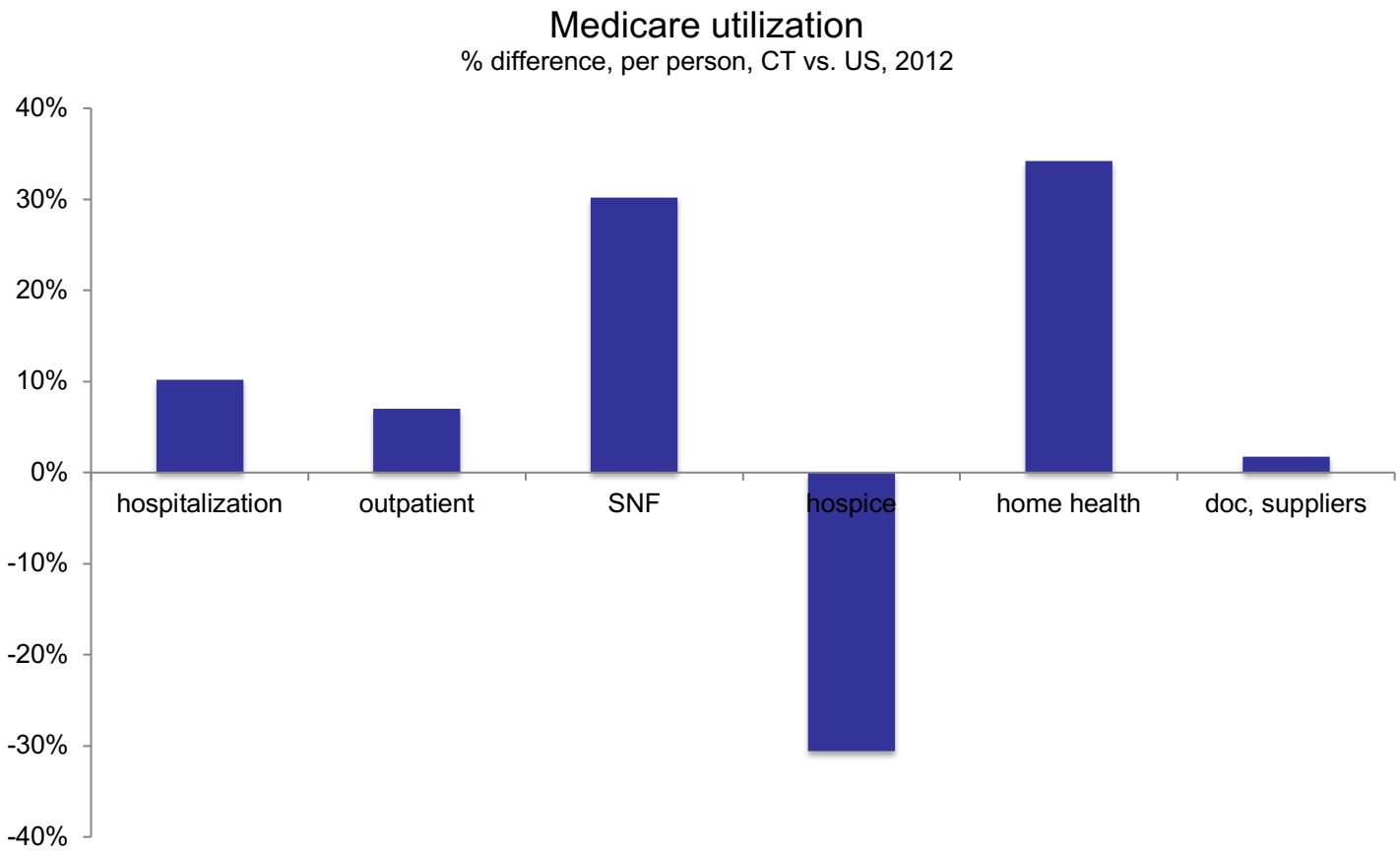
NOTE: *Amount corresponds to the estimated catastrophic coverage limit for non-low-income subsidy enrollees ($6,680 for LIS enrollees), which corresponds to True Out-of-Pocket (TrOOP) spending of $4,700 (the amount used to determine when an enrollee reaches the catastrophic coverage threshold.

SOURCE: Kaiser Family Foundation illustration of standard Medicare drug benefit for 2015 (standard benefit parameter update from Centers for Medicare & Medicaid Services, 2014). Amounts rounded to nearest dollar.

Access to care

- Pretty good
  - Only 6% of beneficiaries report any problems accessing care
- Pays 20% of all US health care bills (2008)
  - 29% of all hospital bills
  - Pays 21% of all physician bills
  - Pays 41% of all home health care bills
  - Pays 19% of nursing home care
  - Pays for 21% of prescriptions
- As likely as privately insured to find a primary care physician or specialist
- 91% of physicians (US and CT) accept new Medicare patients

Access to care



Financing

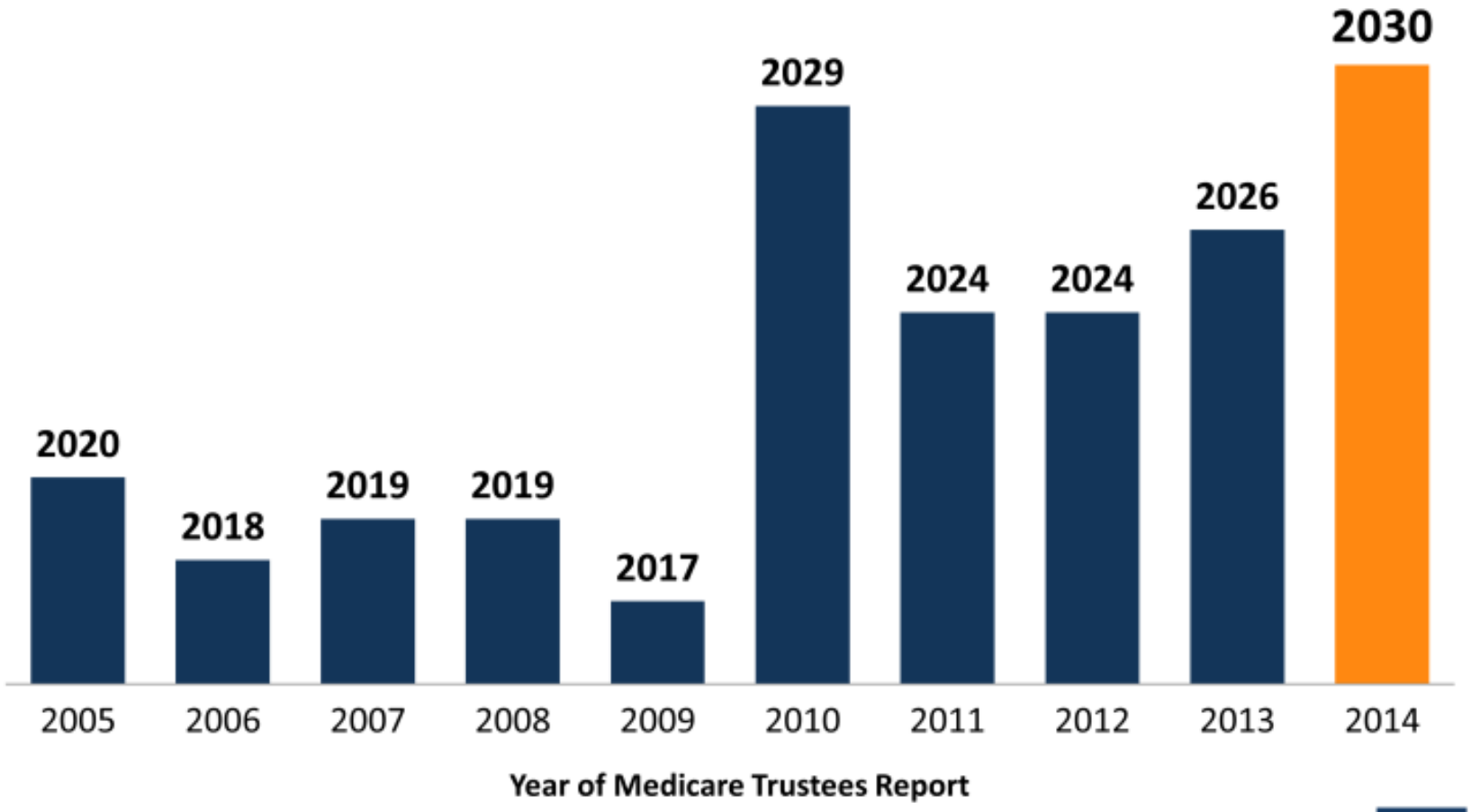
- Part A funded by 2.9% payroll tax, split equally between workers and employers
- Parts B and D funded by premiums, regular taxes
- Concerns about long term viability
- ACA, slow growth in spending help – now has until 2030
  - Out from 2017 before national reform
- Concern about ratio of workers to beneficiaries as baby boomers age
- Spending per person is not even
- But rates of increase similar to private insurance

Financing

- In 2016 Medicare spent $7.4 billion on Medicare for CT residents
- All federal funding
- CT residents cost $11,964/person
  - 6th highest among states
  - Our higher utilization rates
  - US average $10,986
- CT per person spending rising 5.4%/year on average (1991-2016)
  - US rising 5.2%

Figure 30

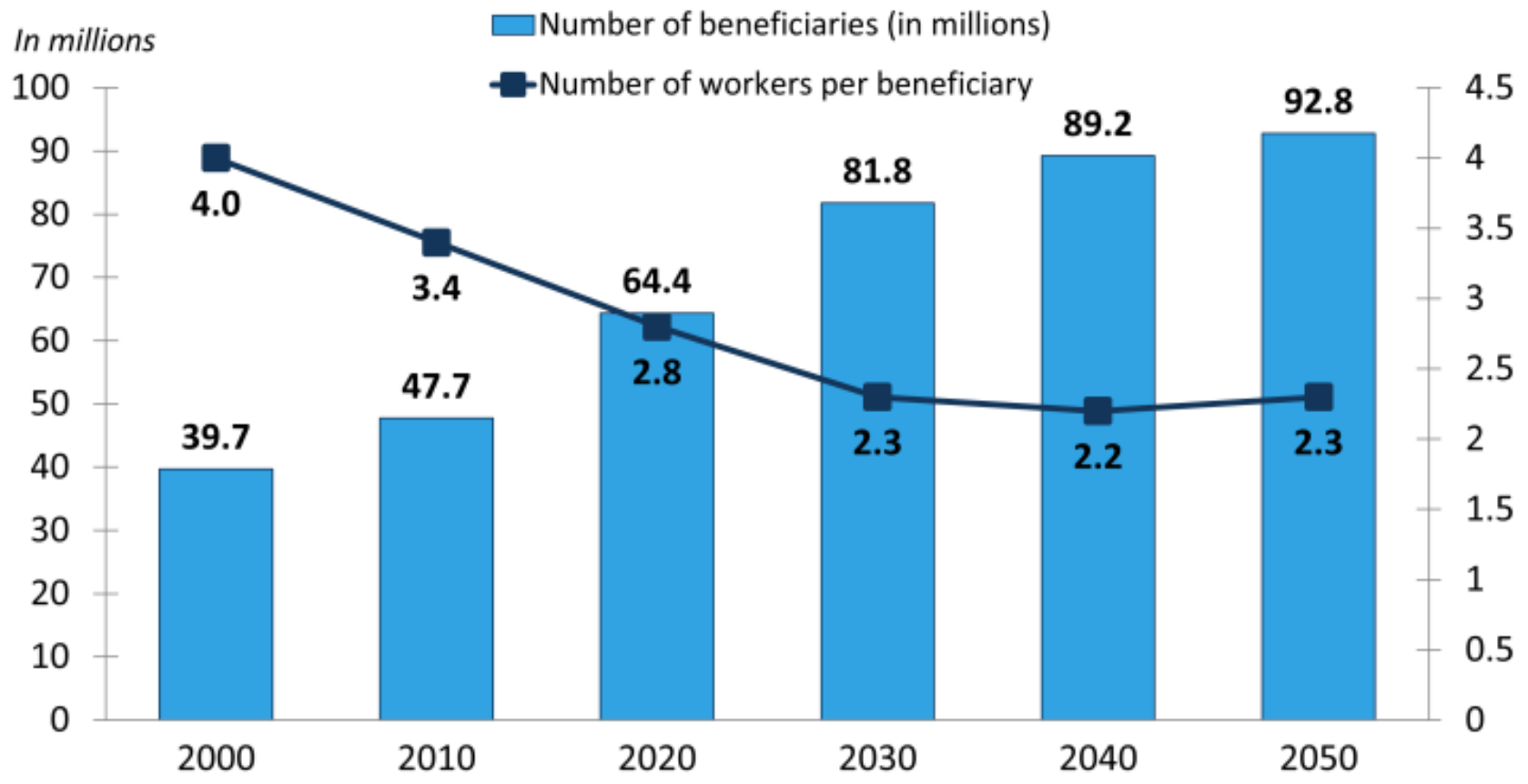
Solvency of the Medicare Part A Hospital Insurance Trust Fund



SOURCE: Intermediate projections from 2005-2014 Annual Reports of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.

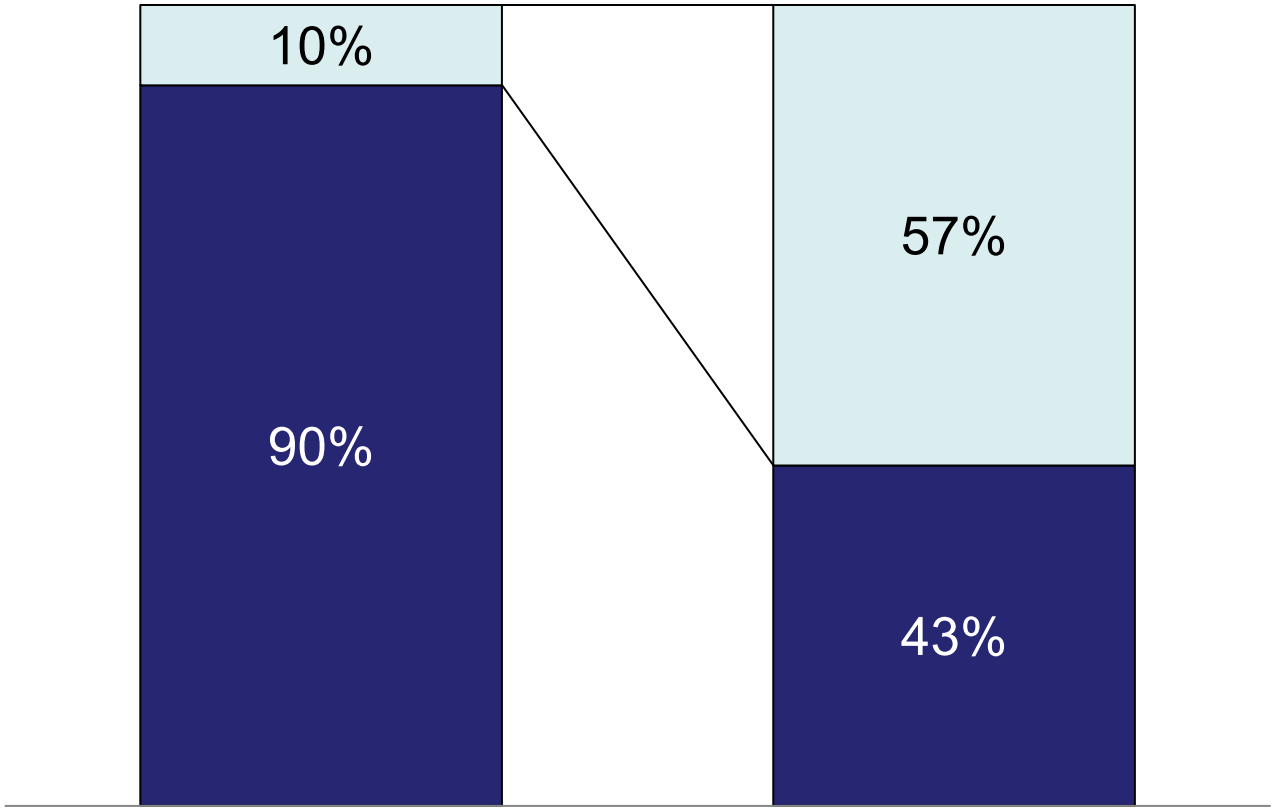
Figure 31

Number of Medicare Beneficiaries and Number of Workers Per Beneficiary, 2000-2050



SOURCE: Kaiser Family Foundation based on the 2014 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.

Distribution of Traditional Medicare Beneficiaries and Medicare Spending, 2009



Average per capita Traditional Medicare spending: $9,702

Average per capita Traditional Medicare spending among top 10%: $55,763

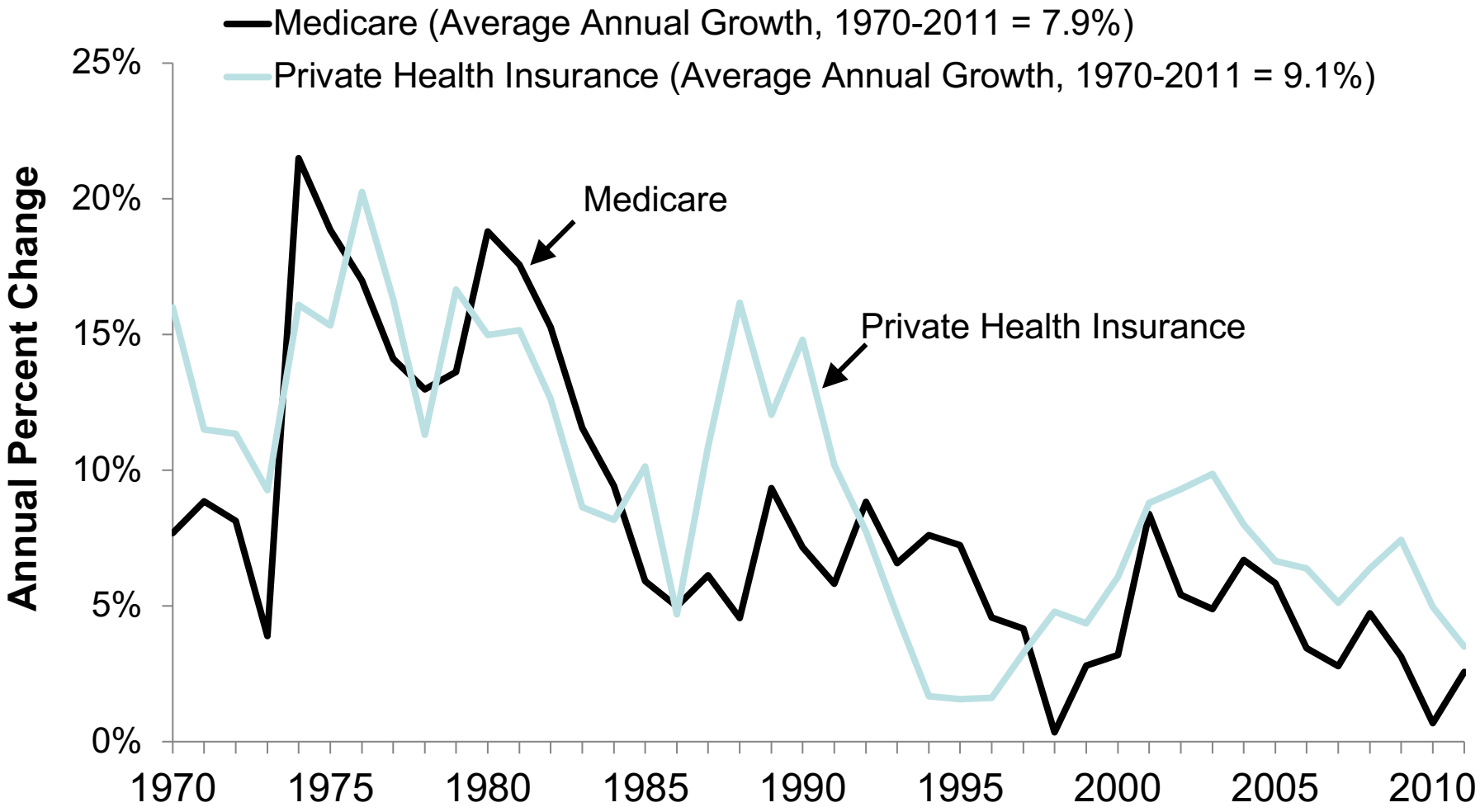
Average per capita Traditional Medicare spending among bottom 90%: $4,584

Total Number of Traditional Medicare Beneficiaries:
35.4 million

Total Traditional Medicare Spending:
$343 billion

NOTES: Excludes Medicare Advantage enrollees. Includes noninstitutionalized and institutionalized beneficiaries.
SOURCE: Kaiser Family Foundation analysis of the CMS Medicare Current Beneficiary Survey Cost and Use File, 2009.

Annual Change in Per Enrollee Medicare and Private Health Insurance Spending, 1970-2011



NOTE: Comparison includes benefits commonly covered by Medicare and Private Health Insurance. These benefits are hospital services, physician and clinical services, other professional services and durable medical products.
SOURCE: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group: National Health Expenditure Historical Data, 2013.

Trends

- Medicare enrollment growing – aging and disabled up
- Medicare finances – concerns but slower growth in costs continue, date the Medicare Trust Fund will run out of money is now 2030
  - Not “bankruptcy”
  - Medicare will still pay 80 to 86% of benefits past 2030 with incoming payroll taxes, will be a revenue shortfall
  - Only applies to Part A – physician and drug coverage are not affected
- Later than in 2010 when ACA passed
  - Due to slower growth, stop overpaying managed care plans, reforms

New proposals

- ACA repeal would mean donut hole in drug coverage opens again
- Lose free preventive care – check ups, mammograms
- Would increase Medicare spending by $802 billion by eliminating cost reductions, reforms
  - That would increase premiums and cost sharing for beneficiaries
- Proposals to shift to a voucher system
  - Purpose is to save money for the federal government, so vouchers wouldn't be generous
  - Beneficiaries would have to buy coverage in the private market
  - Unlikely vouchers would equal cost for private insurance as current Medicare costs are a bargain