Likely Effects of Increasing Cost-Sharing for Medicare Beneficiaries

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Effects Will Depend on Other Factors Also Likely to Change

- Income/pension changes
- Retiree health benefits
- Medical advances and costs of various diseases/conditions
- Life expectancy after age 65
Objectives of Increasing Cost-Sharing?

• Shift costs from Medicare budget to:
  – Beneficiaries
  – Payers of supplemental coverage: employers, beneficiaries, Medicaid

• Slow growth in Medicare expenditures – reduce non-essential types of care
Options for Shifting Costs from Medicare

• Raise premiums for Parts B and D for everyone
• Raise deductibles for everyone
• Raise premiums for higher-income beneficiaries more than currently scheduled
• Details matter
Slow Growth in Spending? Other Attempts Did Not Have Intended Effect

- RAND HIE – excluded elderly
- Quebec and Nova Scotia
- CalPERS and Medicare
- Part D benefit
War on Poverty

- Pre-1965, elderly (especially poor) had lower use of medical care
- Late 1980s: Medicaid – dual eligibles
- 2013 median income of beneficiaries: $23,500
- Return to pre-1965 disparities in access?
Policy Tools and Risk-Sharing

• Increasing beneficiary cost-sharing is a broad policy tool
• Reducing non-essential care is the issue – and very difficult to do with cost-sharing
• Medicare pools risks within and across age cohorts
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