

# **Likely Effects of Increasing Cost-Sharing for Medicare Beneficiaries**

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***NASI Session on  
Implications of Medicare's Higher Costs***

***January 30, 2014***

# **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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