IMPROVING HEALTH COVERAGE BEFORE MEDICARE

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Older Workers Are More Likely to Have Health Insurance

Age Group	Percent Uninsured
Under 18 Years	11%
18 to 24 Years	31
25 to 34 Years	26
35 to 44 Years	19
45 to 54 Years	15
55 to 64 Years	13
65 Years and Older	1

Source: Census 2005.

But Older Workers Have Greater Need for Health Insurance

Age Group	Percent in Fair or Poor Health	Percent with a Work Disability
18 to 24 Years	4	5
25 to 44 Years	6	8
45 to 54 Years	12	13
55 to 64 Years	19	21

Sources: NCHS 2005; Census 2005.

Older Workers Pay More for Less in the Individual Health Insurance Market

- Average premium paid for single policy in the individual market (Bernard 2005) :
  - Under age 40: $1,660
  - Age 40 to 54: $2,770
  - Age 55 to 64: $3,700
- 26 percent of insured adults over age 50 with individual coverage pay $6,000 or more in premiums (Collins et al. 2005)
- Older adults with individual coverage have:
  - Higher deductibles
  - Less prescription drug coverage
  - Higher out-of-pocket costs

Strategies for Improving Coverage of the Near Elderly

- Expanding coverage of Medicare or Medicaid
- Allowing people to buy into existing risk pools
- Providing tax credits for purchasing insurance
- Extending COBRA coverage
- Creating new subsidy programs, risk pools, and purchasing arrangements

Source: Nichols 2001.

Recent Developments

- 2000: Clinton budget proposes Medicare buy-in with tax credit
- 2002: Health Coverage Tax Credit enacted
- 2005: Bush budget proposes refundable credit for individually purchased insurance
- 2005: Advisory Panel on Federal Tax Reform proposes capping exclusion for employer-sponsored health insurance

Advantages of Universal over Means-Tested Approaches

- Higher participation
- Simpler administration
- Better incentives

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Lowering Age of Eligibility for Medicare

- Would result in universal coverage of 62- to 64-year olds
- Would reduce employer costs for retiree health benefits and COBRA coverage
- Could be combined with other changes to encourage longer work lives
- Consistent with public belief that health care should be available to everyone

All Incentives Are Not Created Equal

- "Dans ce pays-ci, il est bon de tuer de temps en temps un amiral pour encourager les autres."—Voltaire, *Candide*
- "In this country, it is good to kill an admiral from time to time to encourage the others."

Americans Believe Health Care Should Be Available to All

- 88% of Americans agree that "health care should be provided equally to everyone, just as public education is." (Kaiser/Newshour Survey on the Uninsured, Jan. 2000)
- "People's health care should not depend on where they work, how much their parents earn, or where they live." (U.S. Conference of Catholic Bishops, June 1993)
- "The rationing of health care on the basis of economic decisions rather than the provision of health care on the basis of medical need" is "morally objectionable." (Southern Baptist Convention, June 1994)

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Values Matter

- Coverage
- Cost-sharing
- Tiered benefits
- Paying for quality
- Reduction of disparities