

**RAISING THE MEDICARE ELIGIBILITY AGE: BAD POLICY ALL AROUND****Background:**

Medicare is the principal source of health insurance coverage for 50 million Americans, including over 8 million workers with disabilities who have been receiving Social Security benefits for two years or longer.<sup>i</sup> For over 47 years, since the program's inception in 1965, America's seniors have been able to count on Medicare's guaranteed health care benefits when they reach age 65. But now, some in Washington who are looking for ways to reduce federal spending want to make older adults wait for up to two additional years - to age 67 - in order to qualify for Medicare. Recent proposals to increase the Medicare eligibility age are included in a proposal introduced by Senator Corker,<sup>ii</sup> a proposal by Senator Hatch to reform Medicare and Medicaid,<sup>iii</sup> the recent Bowles-Simpson proposal, "A Bipartisan Path Forward to Securing America's Future,"<sup>iv</sup> and in H. Con. Res 112, the House-passed budget resolution for Fiscal Year 2013.

**Our Position:**

The Leadership Council of Aging Organizations (LCAO) is opposed to increasing the Medicare eligibility age. This amounts to a benefit cut, one that is being advanced solely for budgetary considerations, namely to reduce the federal deficit. Little attention is being given to the harmful consequences for Medicare beneficiaries who have paid into the program during their working lives and count on receiving Medicare.

Supporters of increasing the eligibility age argue that people are living longer and that the Social Security retirement age is increasing to 67. Yet, there are great disparities in longevity increases,<sup>v</sup> and longevity cannot be equated with healthy life expectancy.<sup>vi</sup> Many Americans 50 years and older live with chronic diseases,<sup>vii</sup> and the likelihood of being diagnosed with a chronic condition increases with age. Among adults 65 years and older, more than 90% have been diagnosed with one chronic condition, and almost 75% have two or more diagnosed chronic conditions.<sup>viii</sup> Such conditions often impede older adults' ability to work.<sup>ix</sup> Other older adults may be capable of working but must leave the paid workforce to care for one or more family members with a chronic condition.<sup>x</sup> These health limitations and caregiving responsibilities also contribute to many older adults' decision to receive Social Security retirement benefits beginning at age 62 - an option exercised by which is what about one-half of workers.

LCAO recognizes the need to bring down the nation's deficit and reduce health care spending. With respect to Medicare, we support savings mechanisms that address system wide health care inflation. Raising the Medicare eligibility age fails to meet this standard because it actually increases overall health spending.<sup>xi</sup>

**Our Rationale:**

**Many seniors would pay more for health insurance.** If implemented in 2014, two-thirds of 65- and 66-year olds losing Medicare coverage would face an average of \$2,200 each year in higher out-of-pocket health care costs.<sup>xii</sup>

**Medicare beneficiaries over age 67 would face higher premiums.** As younger and healthier individuals leave the Medicare risk pool, it would leave an older, sicker and more expensive group to insure.<sup>xiii</sup>

**Many low-income seniors would not be able to afford health insurance.** While the Affordable Care Act (ACA) expanded access to those with incomes up to 133 percent of the federal poverty level, states are not obligated to expand their Medicaid programs.<sup>xiv</sup>

**Communities of color would be the hardest hit.** People of color tend to be in poorer health at earlier ages. Due to lower lifetime earnings and shorter life expectancies, they accumulate less wealth that could be used to pay for health care.<sup>xv</sup>

**Employers and states would pay more.** Employers who provide health care coverage to their retirees would face higher costs as more 65- and 66- year olds received primary coverage through their employer rather than Medicare. State Medicaid programs would have rising costs as some of the people who lost Medicare coverage would shift to Medicaid.<sup>xvi</sup>

**Raising the Medicare eligibility age would increase overall health spending.** With respect to savings, increasing the Medicare eligibility age 67 only benefits the federal government. The Kaiser Family Foundation (KFF) and the Center on Budget and Policy Priorities conclude that "increased state and private-sector costs would be twice as large as the net federal savings."<sup>xvii</sup> If the proposal were fully in effect in 2014, KFF estimates, the proposal would generate \$5.7 billion in net federal savings but \$11.4 billion in higher health costs to individuals, employers, and the states.<sup>xviii</sup> As such, raising the Medicare eligibility age further compounds the overarching problem of system-wide health care inflation.

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<sup>i</sup> Kaiser Family Foundation. "[Medicare: At a Glance.](#)" (November 2012)

<sup>ii</sup> Corker "Dollar for Dollar" Bill Summary. [http://www.corker.senate.gov/public/\\_cache/files/d48f7abd-73fc-4989-b0b6-62fb7f2130b7/12-12-12%20Summary%20Corker%20Dollar%20for%20Dollar%20Act.pdf](http://www.corker.senate.gov/public/_cache/files/d48f7abd-73fc-4989-b0b6-62fb7f2130b7/12-12-12%20Summary%20Corker%20Dollar%20for%20Dollar%20Act.pdf)

<sup>iii</sup> Hatch Outlines Structural Medicare, Medicaid Reforms That Should Be Part of Deficit Reduction Package. <http://www.finance.senate.gov/newsroom/ranking/release/?id=b9f2e6eb-658a-4014-8a18-5c93d995e60e>

<sup>iv</sup> A Bipartisan Path Forward to Securing America's Future. <http://www.momentoftruthproject.org/publications/bipartisan-path-forward-securing-america's-future>

<sup>v</sup> Centers for Disease Control and Prevention. Table 7: Life Expectancy at Selected Ages by Race, Hispanic Origin, Race by Non-Hispanic Population, and Sex: United States, 2010. [http://www.cdc.gov/nchs/data/dvs/deaths\\_2010\\_release.pdf](http://www.cdc.gov/nchs/data/dvs/deaths_2010_release.pdf)

<sup>vi</sup> World Health Organization. "Health Status Statistics: Mortality, Health Life Expectancy (HALE)." <http://www.who.int/healthinfo/statistics/indhale/en/>

<sup>vii</sup> Institute of Medicine. "U.S. Health in International Perspective: Shorter Lives, Poorer Health." [http://www.nap.edu/catalog.php?record\\_id=13497](http://www.nap.edu/catalog.php?record_id=13497) (January 2013)

<sup>viii</sup> Robert Wood Johnson Foundation. "Chronic Care: Making the Case for Ongoing Care." <http://www.rwjf.org/content/dam/farm/reports/reports/2010/rwjf54583> (January 2010)

<sup>ix</sup> Robert Wood Johnson Foundation. "Chronic Care: Making the Case for Ongoing Care." <http://www.rwjf.org/content/dam/farm/reports/reports/2010/rwjf54583> (January 2010)

<sup>x</sup> National Alliance for Caregiving (with AARP). "Caregiving in the U.S. 2009." [http://www.caregiving.org/pdf/research/Caregiving\\_in\\_the\\_US\\_2009\\_full\\_report.pdf](http://www.caregiving.org/pdf/research/Caregiving_in_the_US_2009_full_report.pdf) (November 2009)

<sup>xi</sup> Center on Budget and Policy Priorities. "Raising Medicare's Eligibility Age Would Increase Overall Health Spending and Shift Costs to Seniors, States, and Employers." [www.cbpp.org/cms/?fa=view&id=3564](http://www.cbpp.org/cms/?fa=view&id=3564) (August 2011)

<sup>xii</sup> Kaiser Family Foundation. "Raising the Age of Medicare Eligibility: A Fresh Look Following Implementation of Health Reform." <http://www.kff.org/medicare/upload/8169.pdf> (July 2011)

<sup>xiii</sup> Center on Budget and Policy Priorities. "Raising Medicare's Eligibility Age Would Increase Overall Health Spending and Shift Costs to Seniors, States, and Employers." [www.cbpp.org/cms/?fa=view&id=3564](http://www.cbpp.org/cms/?fa=view&id=3564) (August 2011)

<sup>xiv</sup> Center on Budget and Policy Priorities. "Raising the Medicare Age: Supreme Court Decision Makes the Proposal More Problematic." (October 2012)

<sup>xv</sup> Medicare News Group. "Raising the Medicare Eligibility Age Harms Minorities, Is a 'Benefits Reduction,' Experts Say." <http://www.medicarenewsgroup.com/context/understanding-medicare-blog/understanding-medicare-blog/2012/08/24/raising-the-medicare-eligibility-age-harms-minorities-is-a-benefits-reduction> (August 2012)

<sup>xvi</sup> Kaiser Family Foundation. "Raising the Age of Medicare Eligibility: A Fresh Look Following Implementation of Health Reform." <http://www.kff.org/medicare/upload/8169.pdf> (July 2011)

<sup>xvii</sup> Kaiser Family Foundation. "Raising the Age of Medicare Eligibility: A Fresh Look Following Implementation of Health Reform." <http://www.kff.org/medicare/upload/8169.pdf> (July 2011); Center on Budget and Policy Priorities. "Raising Medicare's Eligibility Age Would Increase Overall Health Spending and Shift Costs to Seniors, States, and Employers." [www.cbpp.org/cms/?fa=view&id=3564](http://www.cbpp.org/cms/?fa=view&id=3564) (August 2011)

<sup>xviii</sup> Kaiser Family Foundation. "Raising the Age of Medicare Eligibility: A Fresh Look Following Implementation of Health Reform." <http://www.kff.org/medicare/upload/8169.pdf> (July 2011)