



EXPANDING MEDICARE WOULD FAIL SENIORS WHO DEPEND ON THE PROGRAM

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OVERVIEW

The fiscal year 2022 budget reconciliation bill has an advertised price tag of \$3.5 trillion but a possible true cost of \$5.5 trillion according to analysis done by the Committee for a Responsible Federal Budget.¹ The bill proposes to significantly expand the Medicare program by adding new benefits for dental, vision, and hearing for enrolled seniors.² Though not yet included in the reconciliation bill language, lowering the eligibility age from 65 to 60 has also been considered and would likely increase the price tag another \$200 billion.^{3,4} This provision currently exists as a stand-alone bill in the House.⁵ This issue brief presents high-level points and supporting research for each issue.

Importantly, Congress is considering these proposals despite full knowledge that the Congressional Budget Office has estimated that the Hospital Insurance Trust Fund, which pays hospitals and post-acute services providers under Medicare Part A, will become insolvent in 2026.^{6,7} The recently released Medicare Trustees⁸ report, authored entirely by senior Biden Administration political appointees including Cabinet members, stated the following:

“Current-law projections indicate that Medicare still faces a substantial financial shortfall that will need to be addressed with further legislation. Such legislation should be enacted sooner rather than later to minimize the impact on beneficiaries, providers, and taxpayers.”⁹

EXPANDING MEDICARE BY INCLUDING DENTAL, VISION, AND HEARING BENEFITS

High-level Points:

- Expanding Medicare’s dental, vision, and hearing benefits would likely add more than a third of a trillion dollars to the national debt, do nothing to improve Medicare’s impending financial insolvency, likely put upward pressure on premiums, and likely push seniors who already have private coverage into a less efficient, one-size-fits-all government-run plan.

¹ <https://www.crfb.org/blogs/true-cost-budget-plan-could-exceed-5-trillion>

² <https://docs.house.gov/meetings/IF/IF00/20210913/114039/HMKP-117-IF00-20210913-SD002.pdf>

³ <https://www.democrats.senate.gov/imo/media/doc/MEMORANDUM%20for%20Democratic%20Senators%20-%20FY2022%20Budget%20Resolution.pdf>

⁴ <https://www.crfb.org/papers/understanding-joe-bidens-2020-health-care-plan>

⁵ <https://www.govinfo.gov/app/details/BILLS-117hr5165ih/>

⁶ <https://www.cbo.gov/system/files/2021-02/51136-2021-02-11-trustfundprojections.xlsx>

⁷ <https://www.cms.gov/files/document/2021-medicare-trustees-report.pdf>

⁸ The Boards Of Trustees, Federal Hospital Insurance And Federal Supplementary Medical Insurance Trust Funds

⁹ <https://www.cms.gov/files/document/2021-medicare-trustees-report.pdf> (p. 5)

- Seniors have access to dental, vision, and hearing benefits now through supplemental plans or Medicare Advantage plans and should maintain the option to choose the additional coverage that best meets their needs. It will take the government bureaucracy years to make these benefits available to Americans, and the accessibility of providers and services is not guaranteed in the new program.

Supporting Research:

- A similar 2019 proposal was estimated to cost \$358 billion over 10 years.¹⁰ About two-thirds of the cost (\$238 billion) would have been for dental care while \$30 billion would have gone to vision care, and \$89 billion would have paid for hearing services.
- The same 2019 proposal was modeled with a five-year delay in implementation for the dental benefit and a three-year delay in benefit for the vision and hearing benefits. This indicates that the true 10-year cost of the proposals is likely at least double that which is projected.¹¹
- The current legislative text delays initial implementation for the dental benefit until 2028, which hides the true cost of the program and manipulates the CBO score for the bill.¹² The full dental benefit will likely not be in effect until 2032, creating a more than ten-year delay on a new federal benefit that is already available to seniors today.
- Despite CMS officials predicting that it could take years to properly implement a massive new benefit, reports indicate that the White House will try to shorten the timeline for the largest expansion of the Medicare program since Part D in 2003, including through other subsidies.¹³
- Over 70% of the cost of Medicare Part B, the program that will cover the extended benefits, is already paid for by taxpayers. The new benefits would likely result in increased Medicare Part B premiums (25% of Part B revenue) for all enrolled seniors.¹⁴

LOWERING THE ELIGIBILITY AGE (DISCUSSED BUT NOT YET PROPOSED IN RECONCILIATION BILL LEGISLATIVE TEXT):

High-level Points:

- Adding millions to the Medicare program by lowering the eligibility age and adding \$200 billion in spending over 10 years will make the impending trust fund insolvency problem worse, thus potentially hurting seniors already on the program.

¹⁰ https://www.cbo.gov/system/files/2019-12/hr3_complete.pdf (p.5)

¹¹ https://www.cbo.gov/system/files/2019-12/hr3_complete.pdf (Appendix p. 2)

¹² <https://docs.house.gov/meetings/IF/IF00/20210913/114039/HMKP-117-IF00-20210913-SD002.pdf>

¹³ <https://www.washingtonpost.com/us-policy/2021/09/01/white-house-medicare-dental/>

¹⁴ <https://www.kff.org/medicare/issue-brief/the-facts-on-medicare-spending-and-financing/>

- Lowering the Medicare eligibility age is projected to cost \$200 billion and estimated to provide new access to coverage for about 160,000, which amounts to \$1.25 million per newly insured person. In reality, much of the money would go toward shifting millions of those aged 60-64 years from private coverage into a taxpayer-financed, government-run system. For example, among those aged 60-64 years, the proposal could shift 11.7 million people with employer coverage and 2.4 million with non-group coverage into Medicare.
- Pushing more Americans onto government coverage likely means lower reimbursements for doctors and medical providers, which can translate to longer lines, less access to care, and decreased incentives to develop innovative cures and treatment options to improve quality of life.

Supporting Research:

- The Medicare Trustee Report projects that total Medicare spending will grow from 4.1 percent of GDP currently to above 6 percent by 2040. When insolvency is reached in 2026, a 9% payment reduction in provider payment would occur to match the revenue which will impact doctor's offices and hospitals and could limit patient access.¹⁵ Further reductions in payment will be made in future years unless Congress takes other actions like raising taxes or otherwise reducing benefits.
- A December 2020 CMS analysis showed national health expenditures are projected to grow an average of 1.1 percent faster than gross domestic product per year from 2019-2028, with Medicare expected to experience the fastest growth.¹⁶ Lowering the eligibility age would significantly accelerate this growth, leading to continued crowding out of other spending and requiring higher taxes.
- In August 2020, the Committee for a Responsible Federal Budget estimated the cost of lowering the Medicare eligibility age from 65 to 60 was \$200 billion over ten years.¹⁷
- A new analysis by the American Action Forum found the cost to be \$380 billion over ten years even after accounting for ACA savings from lower spending subsidies.¹⁸ This estimate assumed that employers continued to offer health insurance to those newly eligible for Medicare. However, if employers drop health coverage for those employees age 60-64, then the total cost would climb to \$1.8 trillion.
- A Kaiser Family Foundation analysis found that only 8% of Americans age 60-64 (1.6 million people) are uninsured with only 10% of that group currently in the coverage gap. This means that only 160,000 people would gain new access to coverage with this proposal.¹⁹

¹⁵ <https://www.cms.gov/files/document/2021-medicare-trustees-report.pdf> (p.6)

¹⁶ <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/NHE-Fact-Sheet>

¹⁷ <https://www.crfb.org/papers/understanding-joe-bidens-2020-health-care-plan>

¹⁸ <https://www.americanactionforum.org/research/lowering-the-medicare-age-to-60-cost-and-coverage-outcomes/>

¹⁹ <https://www.kff.org/health-reform/issue-brief/coverage-implications-of-policies-to-lower-the-age-of-medicare-eligibility/>