

8 Million Adults Could Be Eligible to Purchase Medicare Coverage Under Proposed Clinton Plan

A new Avalere analysis finds that approximately 8 million Americans age 55 or over who are currently uninsured or have individual coverage purchased through the private market—inside and outside the exchange— could be eligible to buy-in to the Medicare program under a plan proposed by Democratic presidential candidate Hillary Clinton.

In her healthcare plan released in July, Clinton proposed expanding Medicare eligibility to some individuals ages 55 years. The Clinton campaign has not released specific details of the proposal, but many experts have speculated about how this “Medicare for More” proposal could align with existing insurance coverage options. To that end, Avalere analysts say that although traditional, fee-for-service Medicare tends to offer broader access to physicians than many other plans, costs to beneficiaries may be higher than other coverage options, including plans purchased through the federal or state insurance exchanges.

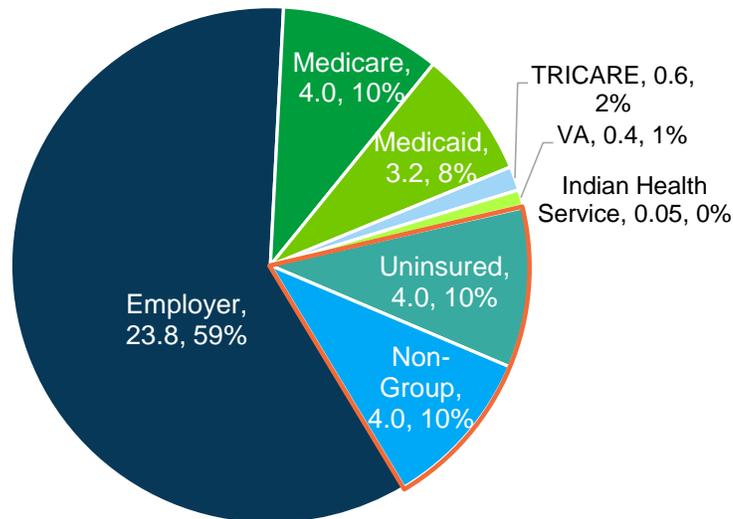
Who could be impacted by the Clinton “Medicare for More” proposal?

As a result of the Affordable Care Act (ACA), most nonelderly Americans who do not get coverage from their employers now have access to insurance through exchanges or Medicaid (in the 31 states and DC that have expanded Medicaid coverage). Many exchange enrollees also qualify for premium subsidies and cost-sharing subsidies that make coverage more affordable. At this time, it is not clear to what extent these subsidies would be applied to Medicare coverage under Clinton’s plan.

Avalere analysts estimate that there are 40 million Americans between the ages of 55 and 64 years old who could potentially be affected by the Clinton proposal. Of those, 59 percent receive insurance coverage through their employer and would be unlikely to be impacted by this proposal. However, the analysts note, 10 percent (4.0 million) of those age 55 and over remain uninsured as of 2014 and could potentially benefit from this new coverage option. Another 10 percent (4.0 million) are insured in the individual market—either on- or off-exchange—and could potentially elect to enroll in Medicare in lieu of their private market coverage.



HEALTH INSURANCE COVERAGE FOR AMERICANS AGE 55-64, MILLIONS, 2014



Of note, pre-Medicare aged adults have been one of the demographic groups most attracted to the exchange market. In 2016, nearly half (47 percent) of exchange enrollees are 45 or older, with 26 percent 55 and older.

“Despite exchanges attracting millions of Americans 55 and over, millions more remain uninsured. While individuals are likely to stick with employer coverage if they currently have it, this proposal may give consumers another option to become insured,” said Elizabeth Carpenter, senior vice president at Avalere.

Is Medicare the best option for everyone over 55?

While Medicare is widely popular among Americans, Avalere experts say it is not immediately evident that Medicare coverage would be a better option for all people over 55. Specifically, when compared to products sold through insurance exchanges, the analysts note that traditional, fee-for-service Medicare tends to offer a broader network of providers and lower deductibles relative to unsubsidized exchange products. However, because of the unusual structure of the Medicare fee-for-service program, consumers enrolling in the program may have higher costs and more benefit limits than exchange products.

- *The maximum out-of-pocket costs that a patient can incur is an important area of differentiation between Medicare and private plans.* Importantly, employer and exchange plans both feature an annual cap on how much consumers could pay in out-of-pocket costs (\$6,850 for an individual in 2016). However, Medicare does not include any out-of-pocket cap, so beneficiaries with high healthcare costs could pay more out-of-pocket with Medicare coverage compared to employer or exchange plan coverage.



- *Coinsurance for physician visits could differentiate costs for patients.* Medicare charges beneficiaries 20 percent of the total cost for all Part B services, otherwise known as coinsurance, which includes things like physician visits, lab tests, physician-administered drugs, and durable medical equipment. While some beneficiaries purchase Medigap policies to reduce these costs, those policies can be expensive—costing an average of \$183 per month in 2010.
- *Drug benefits could be less generous under Medicare.* While drug coverage varies widely by plan, formulary breadth in Medicare Part D plans is more limited than in silver exchange plans on average. For instance, across 22 classes of commonly used drugs, formularies for exchange plans cover 85 percent of all drugs, while Medicare Part D plans cover only 70 percent.

If the Clinton plan permitted eligible individuals to enroll in Medicare Advantage, their cost and coverage experience would vary from that in traditional, fee-for-service.

“Consumers would need to weigh the relative benefits of exchange products compared to Medicare based on their particular situation,” said Caroline Pearson, senior vice president at Avalere. “Due to the unique characteristics of the Medicare program, some individuals might experience higher costs or more limited drug coverage compared to other insurance options.”

Methodology

Health insurance status for older Americans is based on the American Community Survey, 2014. Average Medigap premium based on the Kaiser Family Foundation, “Medigap Reform: Setting the Context for Understanding Recent Proposals,” January 13, 2014. Analysis of prescription drug coverage in Medicare vs exchanges is based on Avalere’s PlanScape® a proprietary database of formularies and benefit design in exchanges, Medicare, and the employer market.

Clinton, Hillary. "Hillary Clinton’s Commitment: Universal, Quality, Affordable Health Care for Everyone in America." 2016. <https://www.hillaryclinton.com/briefing/factsheets/2016/07/09/hillary-clinton-commitment-universal-quality-affordable-health-care-for-everyone-in-america/>

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