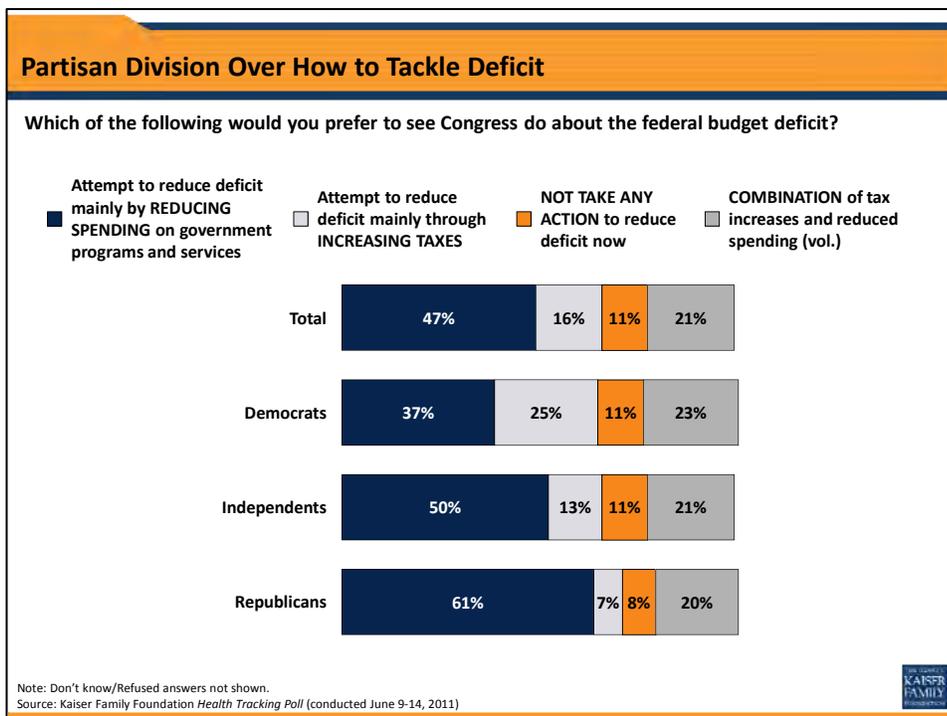


The debate over how best to deal with the federal budget deficit continues in Washington, and discussions of Medicare's financial future have been closely tied to this debate. This month's Kaiser Health Tracking Poll takes a look at the views of seniors and the public as they relate to these discussions. Americans generally prefer spending cuts over tax increases as the main way to reduce the deficit, with about one in five volunteering a combination of both approaches, though previous surveys have shown that few would support major cutbacks in spending on programs like Medicare, Medicaid, and Social Security. The current survey finds that, when asked about different possible reasons for reducing Medicare spending, a plurality would support minor reductions in order to reduce the deficit, but fewer than one in five support major reductions for this purpose. Americans seem more willing to support reductions in current levels of Medicare spending in order to ensure the program's financial health than to reduce the deficit or avoid tax increases. The public overall is divided on a proposal to change Medicare into a system in which the government pays for private health insurance plans for all people on Medicare, but seniors continue to be opposed by a large margin. Arguments both for and against this proposal also resonate with the public, and appear to be able to sway opinion in either direction. This tracking poll also takes an early look at the views of registered voters as the campaign for the 2012 presidential election gets underway, and finds, not surprisingly, that the economy and jobs dominate the list of issues voters want to hear about from candidates (mentioned by 60 percent), with health care ranking a distant second (26 percent). Voters are more likely to trust Democrats over Republicans when it comes to handling Medicare, Medicaid, and health reform, but lean toward Republicans when it comes to dealing with the federal deficit.

THE DEFICIT DEBATE AND MEDICARE'S FINANCIAL FUTURE

Recent discussions about ways to reduce the federal budget deficit have included proposals to make various changes to Medicare as one component of deficit reduction efforts. In fact, all of the major deficit reduction proposals, including the framework set out by President Obama, have included some components that would reduce the rate of growth of Medicare spending over time.¹ Overall, the public appears to prefer spending reductions over tax increases as the main approach to reducing the deficit. Nearly half (47 percent) say Congress should attempt to reduce the deficit mainly by reducing spending on government programs and services, while just 16 percent prefer deficit reduction to come mainly from tax increases and about one in five volunteer that a combination approach should be used. Democrats are more likely than Republicans and independents to say tax increases should be the main vehicle for deficit reduction, but even among Democrats a plurality prefer to see reduced spending as the main approach.



¹ Kaiser Family Foundation Program on Medicare Policy, Comparison of Medicare Provisions in Deficit-Reduction Proposals, <http://www.kff.org/medicare/8124.cfm>; White House Fact Sheet: The President's Framework for Shared Prosperity and Shared Fiscal Responsibility, <http://www.whitehouse.gov/the-press-office/2011/04/13/fact-sheet-presidents-framework-shared-prosperity-and-shared-fiscal-resp>.

Though Americans mostly agree on spending reductions as the main approach to reducing the deficit, previous surveys have shown that it is much more difficult to find agreement when it comes to specific areas of spending that might be reduced. For example, when asked to think about various areas of government spending that might be cut back to reduce the deficit in our May tracking survey, majorities said they would not accept *any* reductions in spending on Social Security, Medicare, or Medicaid.²

Many of those who have proposed changes to Medicare as a way to reduce the deficit have also raised questions about the program’s long-term financial viability, and have suggested that such changes will not only help reduce the deficit, but also keep Medicare financially sound for future generations. Most Americans believe that Medicare is facing serious financial difficulties. Two-thirds think the program is either in financial crisis (29 percent) or has major financial problems (38 percent), while fewer than three in ten (28 percent) think it has minor or no problems. With the government projecting insufficient funds to pay all Medicare hospital insurance benefits beginning in 2024, about a third of the public (incorrectly) believes that the Medicare hospital trust fund will be completely bankrupt and unable to pay any of its bills in about 15 years, while 37 percent (more accurately) believe the trust fund will face a shortfall and will be able to pay most, but not all, of enrollees’ hospital bills by then. Another 18 percent think the trust fund will be financially sound in 15 years, and 11 percent don’t know enough to say. Seniors’ perceptions of Medicare’s financial condition are generally similar to those of younger adults, though seniors are somewhat more likely to see the program as having only minor financial problems.

Despite the fact that the Congressional Budget Office says the Patient Protection and Affordable Care Act (ACA) strengthens the financial condition of the Medicare hospital trust fund, just a third of the public, and a quarter of seniors, think it does.³

| Which of the following four statements comes closest to your own view of the Medicare program?* | | | | To the best of your knowledge, which comes closest to describing the projected financial situation of the Medicare hospital trust fund in about fifteen years if no changes are made?* | | | |
|---|--------------|------------|--------------------|--|--------------|------------|--------------------|
| | Total public | Ages 18-64 | Seniors (ages 65+) | | Total Public | Ages 18-64 | Seniors (ages 65+) |
| The program is in financial crisis | 29% | 30% | 26% | The hospital trust fund will be bankrupt and Medicare will no longer be able to pay any of the hospital bills for its enrollees | 34% | 35% | 30% |
| The program has major problems , but is not in financial crisis | 38 | 38 | 33 | The hospital trust fund will face a shortfall , and Medicare will be able to pay for most, but not all of enrollees’ hospital costs | 37 | 39 | 30 |
| The program has minor problems | 21 | 19 | 31 | The hospital trust fund will be financially sound and Medicare will not have problems paying hospital bills | 18 | 16 | 23 |
| The program has no problems | 7 | 6 | 8 | Don’t know/Refused | 11 | 10 | 16 |
| Don’t know/Refused | 5 | 6 | 2 | | | | |

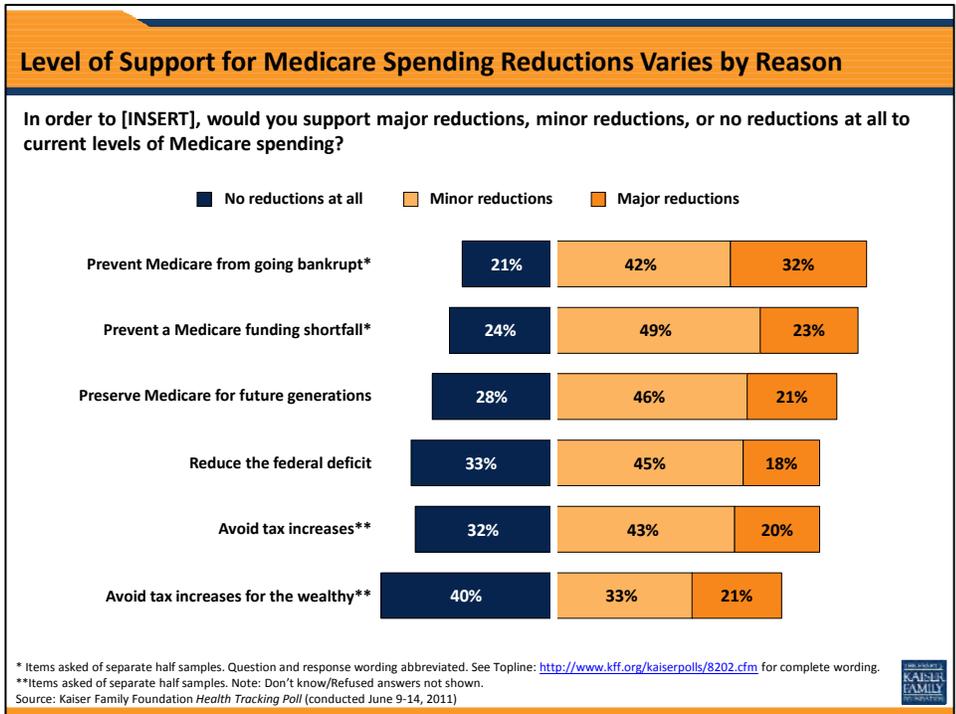
*Questions asked of separate half samples.

When asked about their willingness to accept reductions in current levels of Medicare spending for various purposes (a somewhat different context than the question on our May tracking survey), a plurality (45 percent) say they would be willing to accept “minor” reductions to current Medicare spending levels in order to reduce the deficit, while a third want no reductions at all, and fewer than two in ten (18 percent) would support “major” reductions.

² Kaiser Family Foundation May 2011 *Health Tracking Poll*, <http://www.kff.org/kaiserpolls/8190.cfm>.

³ Congressional Budget Office, *Selected CBO Publications Related to Health Care Legislation, 2009-2010*, <http://www.cbo.gov/doc.cfm?index=12033>.

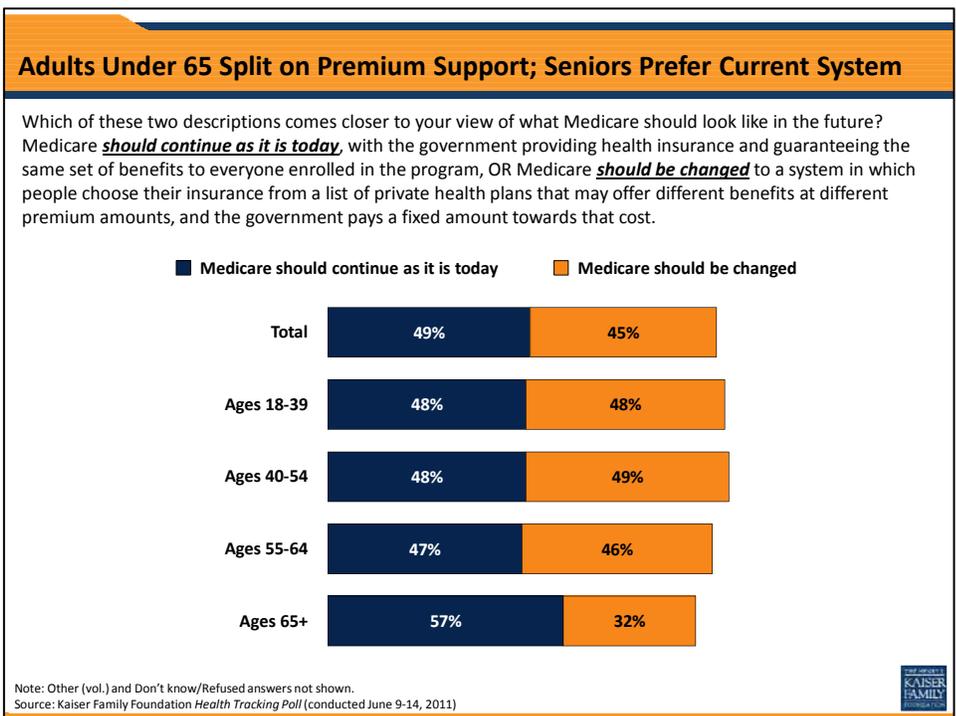
The public seems more willing to accept reductions to current levels of Medicare spending for the purpose of ensuring the program’s long-term financial health than for the purpose of reducing the deficit or avoiding tax increases. The argument for reducing Medicare spending that appears to resonate most with the public is to “prevent the program from going bankrupt”—42 percent say they would support minor reductions in current Medicare spending in order to prevent bankruptcy, and another third (32 percent) would support major reductions for this purpose. Just under half say they would support minor reductions in current Medicare spending levels in order to prevent Medicare from facing a funding shortfall (49 percent) or to preserve the program for future generations (46 percent), while roughly one in five would support major reductions for each of these purposes (23 percent and 21 percent, respectively).



Roughly four in ten (43 percent) say they would support minor reductions to current levels of Medicare spending in order to avoid tax increases, with another one in five (20 percent) supporting major reductions. Fewer would accept minor (33 percent) or major (21 percent) reductions to avoid tax increases for the wealthy specifically.

REACTION TO PREMIUM SUPPORT/VOUCHER PROPOSAL

One approach to reducing the deficit that has been put forward, including in the House Budget Plan, is changing Medicare to a system in which the government pays a fixed amount of money towards private insurance plans for all people covered by Medicare (sometimes referred to as a “voucher” or “premium support” system). Americans are roughly divided on this proposal, as they were in April, with 45 percent saying they would support such a change, and 49 percent preferring to keep the current Medicare system. While adults under age 65 (including those ages 55-64) are evenly split on the plan, seniors are opposed by a hefty margin—32 percent of seniors support the change, and 57 percent prefer to keep the current system. A partisan gap also exists with more than six in ten Republicans supporting the proposal and a similar share of Democrats preferring the current system.



Various arguments for and against this proposed change to Medicare appear to resonate with the public. When arguments were read to all survey respondents, including those who initially supported and those who initially opposed the plan, one of the most effective arguments in support of the proposed change is that it won't impact those ages 55 and older; 51 percent of the public says this makes them more likely to support the plan. Another argument that appears to resonate is that "private plans will compete for seniors' business and seniors will be able to choose plans based on cost and quality," which leads 50 percent overall to be more supportive. This argument is less convincing for seniors, who are more divided, with 39 percent saying it makes them more likely and 32 percent saying it makes them less likely to support the proposed change to Medicare. The argument about private plan competition is also more likely to convince Republicans (59 percent) and independents (56 percent) to be more supportive, compared with Democrats (40 percent more likely to support, 29 percent less likely).

The most persuasive arguments against such a plan are that it will increase costs for seniors (56 percent say this makes them less likely to support the plan), that it will put private insurance companies in charge of coverage decisions for people on Medicare (55 percent), and that it will eliminate Medicare as we know it (53 percent).

| What if you heard that [INSERT]? Would that make you more or less likely to support changing Medicare to a system in which the government pays a fixed amount toward the cost of private health plans for seniors, or would it not make much difference either way? | | | | | | |
|--|---------------------|--------------------|----------------------|---------------------------|--------------------|----------------------|
| | Total public | | | Seniors (ages 65+) | | |
| | More likely | Less likely | No difference | More likely | Less likely | No difference |
| <i>Arguments in favor of the proposed change to Medicare</i> | | | | | | |
| People now ages 55 and older will be able to remain in the current Medicare system and won't be subject to the proposed changes | 51% | 18% | 27% | 47% | 18% | 27% |
| Private plans will compete for seniors' business and seniors will be able to choose plans based on cost and quality | 50 | 23 | 23 | 39 | 32 | 23 |
| This proposal will help reduce the federal budget deficit by reducing Medicare spending over time | 40 | 29 | 27 | 32 | 31 | 29 |
| Government payments will be greater for seniors who are poor or sick than for wealthy or healthy seniors | 38 | 36 | 22 | 38 | 32 | 22 |
| Without this change, Medicare's costs will be unsustainable and the program will not be able to pay its bills for future generations | 30 | 38 | 26 | 25 | 40 | 23 |
| <i>Arguments against the proposed change to Medicare</i> | | | | | | |
| This change will increase costs for seniors , who will pay more for their health care than they would under traditional Medicare | 18% | 56% | 21% | 16% | 58% | 21% |
| This proposed change will put private insurance companies in charge of deciding what benefits people on Medicare receive and how much they pay | 21 | 55 | 20 | 13 | 61 | 17 |
| This proposed change will eliminate Medicare as we know it | 19 | 53 | 22 | 13 | 58 | 21 |
| Moving seniors into private health insurance plans will increase costs because the cost of these plans have grown faster than Medicare's costs in recent years | 19 | 48 | 27 | 18 | 50 | 24 |
| The proposed plan also repeals the health reform law , and by doing that will eliminate some new Medicare benefits , like expanded coverage for prescription drugs for people who have reached Medicare's "doughnut hole" or coverage gap | 29 | 41 | 24 | 30 | 35 | 25 |

TRUST IN VARIOUS GROUPS TO MAKE MEDICARE RECOMMENDATIONS

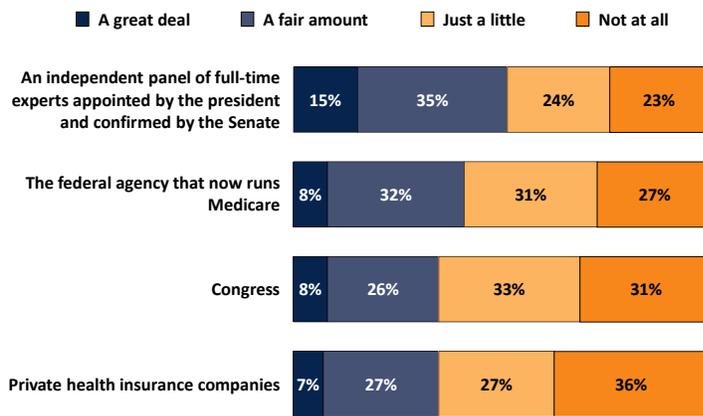
One provision of the ACA that is intended to help control the growth in Medicare spending is the Independent Payment Advisory Board (IPAB), an independent panel of experts authorized to issue recommendations about ways to reduce the growth in Medicare spending. The board has yet to be established but is required to begin making recommendations to Congress by 2014 for implementation in 2015.⁴ Nearly half the public (47 percent) and a somewhat smaller share of seniors (37 percent) recognize that the new health law creates such a panel.

When it comes to whom they trust to make recommendations about Medicare's future, no group gets an overwhelming level of support. Still, the public appears to have more confidence in an independent panel of experts than the federal agency now running Medicare, Congress, or private insurers. Asked how much they would trust each group to "make proposals about ways to reduce Medicare spending and keep the program sustainable in the future," half (50 percent) say they would trust "an independent panel of full-time experts appointed by the president and confirmed by the Senate" a great deal or a fair amount. Smaller shares would place this level of trust in the federal agency that now runs Medicare (40 percent), Congress (34 percent), and private health insurance companies (34 percent).

Looking by party identification, Democrats are more likely than Republicans and independents to place at least a fair amount of trust in an independent panel, Congress, and the federal agency that now runs Medicare, while Republicans are somewhat more likely to say they would trust private health insurance companies to make recommendations about Medicare's financial future.

No Group Gets Overwhelming Trust to Make Medicare Recommendations

How much would you trust each of the following to make proposals about ways to reduce Medicare spending and keep the program sustainable in the future?

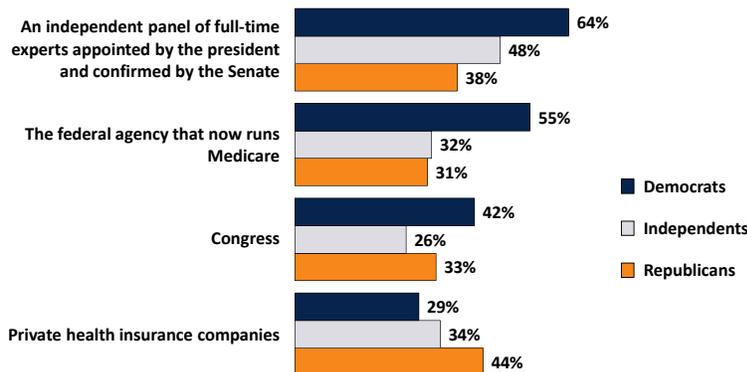


Note: Don't know/Refused answers not shown.
Source: Kaiser Family Foundation Health Tracking Poll (conducted June 9-14, 2011)



Dems More Trusting of Independent Panel; Reps of Insurance Companies

Percent who say they trust each of the following "a great deal" or "a fair amount" to make proposals about ways to reduce Medicare spending and keep the program sustainable in the future:



Source: Kaiser Family Foundation Health Tracking Poll (conducted June 9-14, 2011)



⁴ For more details about IPAB's structure and scope, see Kaiser Family Foundation, *The Independent Payment Advisory Board: A New Approach to Controlling Medicare Spending* <http://www.kff.org/medicare/8150.cfm>.

AWARENESS OF ACA PROVISIONS IMPACTING MEDICARE

Despite the level of public discussion and attention paid to various provisions of the ACA over the past year, many Americans—and even higher shares of seniors—remain unaware of some of the key provisions in the law impacting Medicare. No more than half the public was correctly able to identify any of the seven Medicare-related provisions asked about in the current survey. Roughly four in ten (42 percent of seniors, 45 percent of the public overall) recognize that the law gradually closes the Medicare “doughnut hole,” and just 21 percent of seniors (and 36 percent of the public overall) are aware that the law eliminates co-pays and deductibles for many preventive services under Medicare. The most widely-recognized Medicare provision of the law is that it will increase premiums for some higher income seniors—50 percent of the public and 46 percent of seniors are aware that the law does this. Other provisions are recognized by roughly four in ten, including that the law increases the Medicare payroll tax on people with higher incomes (38 percent of seniors, 43 percent of all adults) and that it reduces payments to Medicare Advantage plans (36 percent of seniors, 38 percent of all adults). Over four in ten Americans overall correctly answer that the law creates new ways for Medicare to improve how health care is delivered (45 percent), though awareness of this provision is somewhat lower among seniors (33 percent).

| To the best of your knowledge, would you say the law does or does not do each of the following | | | | | | |
|--|----------------------|-----|------------|----------------------|-----|------------|
| | Total public | | | Seniors (age 65+) | | |
| | Yes (correct answer) | No | Don't know | Yes (correct answer) | No | Don't know |
| Increase the premiums some higher income people on Medicare pay | 50% | 33% | 17% | 46% | 30% | 23% |
| Create an expert panel to recommend ways to reduce Medicare spending if costs grow too rapidly | 47 | 36 | 17 | 37 | 39 | 24 |
| Gradually close the Medicare “doughnut hole” | 45 | 32 | 23 | 42 | 26 | 31 |
| Create new ways for Medicare to improve how health care is delivered | 45 | 40 | 16 | 33 | 38 | 29 |
| Increase Medicare payroll tax on upper income Americans | 43 | 37 | 19 | 38 | 28 | 34 |
| Reduce Medicare payments to private plans, also known as Medicare Advantage plans | 38 | 36 | 26 | 36 | 26 | 38 |
| Eliminate co-pays and deductibles for many preventive services under Medicare | 36 | 47 | 17 | 21 | 49 | 30 |

Large shares also continue to mistakenly believe that the law affects Medicare in some ways that it actually does not. For example, about two-thirds (65 percent of the public, 69 percent of seniors) either think the law cuts benefits that were previously provided to all people on Medicare or are not sure. And more than half (51 percent of the public, 53 percent of seniors) think the law will “allow a government panel to make decisions about end-of-life care for people on Medicare” or are not sure if it does.

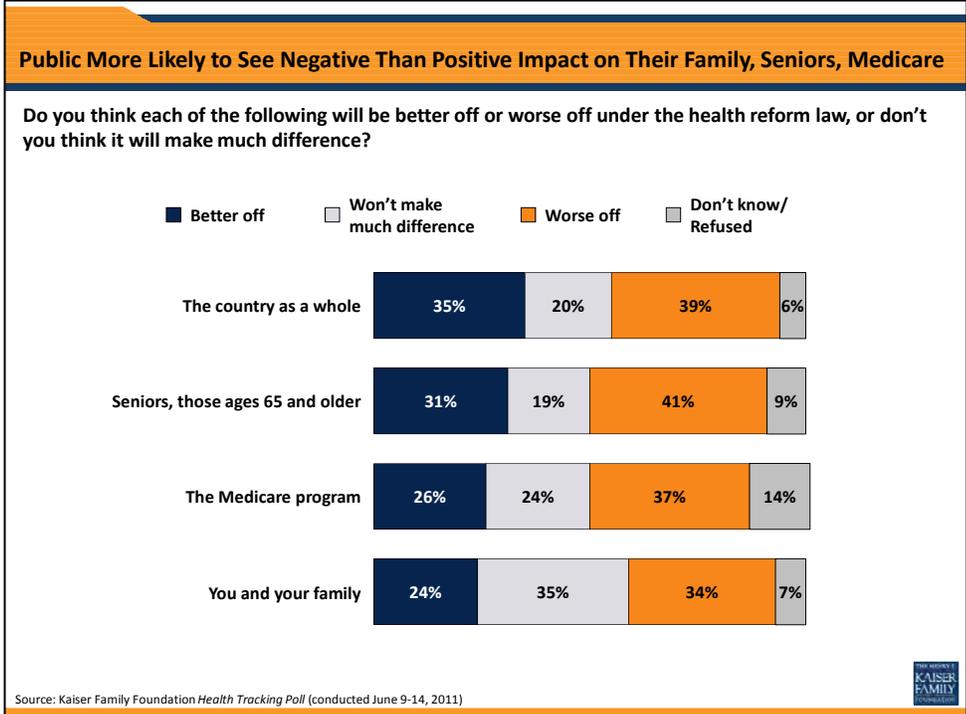
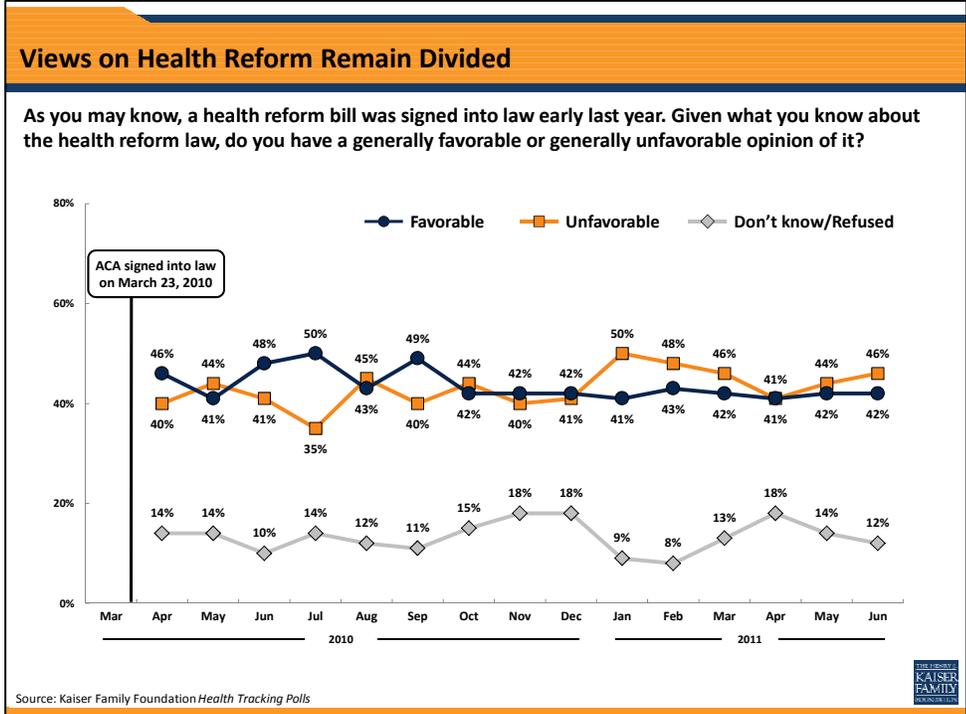
| To the best of your knowledge, would you say the law does or does not do each of the following | | | | | | |
|--|---------------------|-----|------------|---------------------|-----|------------|
| | Total public | | | Seniors (age 65+) | | |
| | No (correct answer) | Yes | Don't know | No (correct answer) | Yes | Don't know |
| Allow a government panel to make decisions about end-of-life care for people on Medicare | 48% | 31% | 20% | 47% | 22% | 31% |
| Cut benefits that were previously provided to all people on Medicare | 35 | 48 | 17 | 31 | 35 | 34 |

VIEWS OF HEALTH CARE REFORM HOLD STEADY

At the risk of sounding like a broken record to those who read our tracking polls every month: the public remains divided in their assessments of the ACA—42 percent hold a favorable view of the law, 46 percent view it unfavorably—and strong partisan divisions persist.

Assessments of the law’s impacts on their own families, seniors, and the Medicare program tilt somewhat negative, though large shares continue to say the law won’t make much difference. Currently, Americans are somewhat more likely to think they personally will be worse off (34 percent) than better off (24 percent) under the law, with another third saying it won’t make much difference. The public is also more likely to see a negative than a positive impact for seniors (41 percent worse/31 percent better) and the Medicare program (37 percent worse/26 percent better), with large shares saying they don’t know or it won’t make much difference. Among seniors, 38 percent think the Medicare program will be worse off under the law, while just 16 percent think it will be better. These perceptions may be linked to lack of knowledge about the ACA provisions impacting Medicare mentioned above.

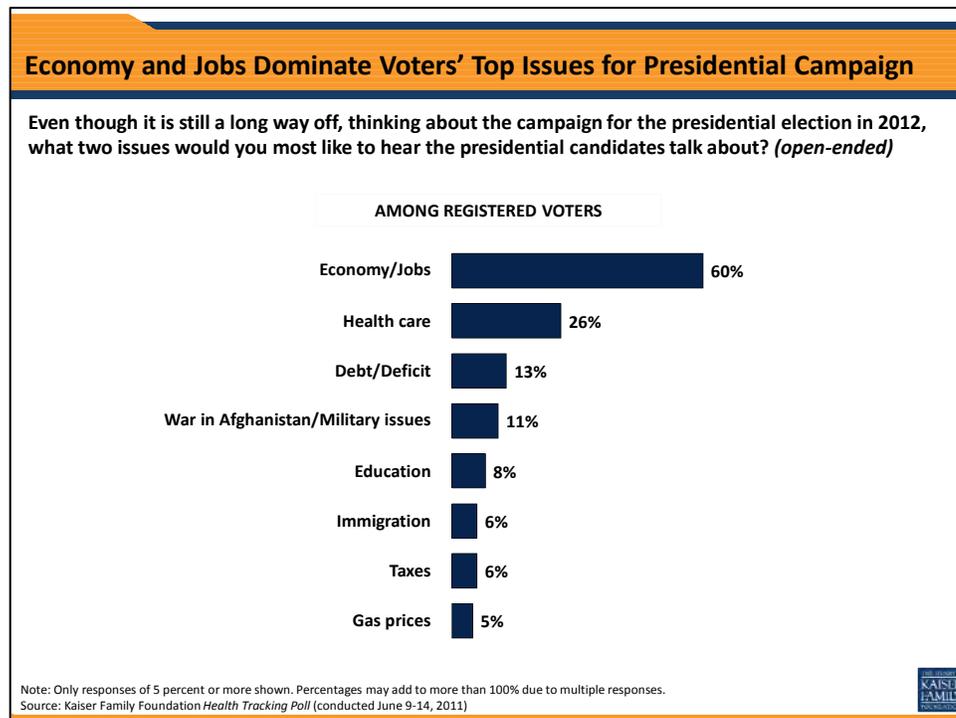
People are more divided as to the impact on the country overall, with 39 percent saying it will be worse off and 35 percent saying better off under the ACA (one in five think it won’t make much difference for the country). Still, about half the public would like to see the law expanded (31 percent) or kept as is (20 percent), while just under four in ten want it repealed and replaced with a GOP alternative (19 percent) or repealed and not replaced (19 percent).



ISSUES, PARTY TRUST, AND ELECTION 2012: AN EARLY LOOK AT THE VIEWS OF REGISTERED VOTERS

As the campaign for the Republican presidential nomination gets underway, this tracking poll takes an early look ahead at the views of registered voters and the potential role health care might play as an issue in the upcoming election cycle.

Voters continue to want Washington to focus on the country's economic problems. The economy and jobs tops the list of issues registered voters say they want to hear presidential candidates talk about in the upcoming campaign (60 percent name it in an open-ended question), as well as the list of issues voters say lawmakers in Washington are giving "too little" attention (76 percent). Very few voters (7 percent) say lawmakers are paying "too much" attention to the economy.



Despite the focus on the economy, health care has not fallen off voters' radar screens, ranking second on the list of issues they want to hear about from presidential candidates, but still far behind the economy at 26 percent. Registered voters who self-identify as Democrats (29 percent) are somewhat more likely to say they want to hear candidates talk about health care, but still one in five Republican voters (20 percent) name it as a top issue for candidates, tying for second place among Republicans with the federal debt/deficit (mentioned by 20 percent of Republican voters and 13 percent of registered voters overall). Rounding out the list of

top issues that voters want to hear about from candidates are the war in Afghanistan and other military issues (11 percent), education (8 percent), immigration (6 percent), taxes (6 percent), and gas prices (5 percent).

Senior voters' priorities for candidates are similar to those of voters overall, with the largest share naming the economy and jobs (62 percent), followed by health care (27 percent).

Senior voters' priorities for candidates are similar to those of voters overall, with the largest share naming the economy and jobs (62 percent), followed by health care (27 percent).

| Top 5 Issues Registered Voters Want to Hear Presidential Candidates Discuss, By Political Party ID | | | |
|--|---|---|--|
| Rank | Democrats | Independents | Republicans |
| 1 | Economy/Jobs (65%) | Economy/Jobs (54%) | Economy/Jobs (62%) |
| 2 | Health care (29%) | Health care (26%) | Health care (20%) |
| 3 | War in Afghanistan/Military issues (13%) | Debt/Deficit (14%) | Debt/Deficit* (20%) |
| 4 | Education (11%) | War in Afghanistan/Military issues (12%) | Taxes (8%) |
| 5 | Debt/Deficit (7%) | Immigration (9%) | War in Afghanistan/Military issues (7%) |

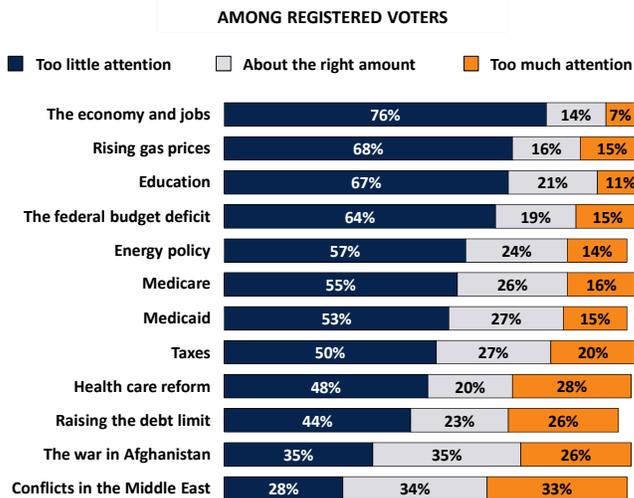
*Indicates tie with item above

At least half of voters also chide current lawmakers for paying too little attention to various issues beyond the economy, including rising gas prices (68 percent), education (67 percent), the federal budget deficit (64 percent), energy policy (57 percent), and taxes (50 percent). By contrast, a third of voters (33 percent) say lawmakers are paying *too much* attention to conflicts in the Middle East, while a somewhat smaller share (28 percent) say they are paying too much. On health-care related issues, more than half of voters

say Washington is paying too little attention to Medicare (55 percent) and Medicaid (53 percent), while about one in seven say they are focusing too much on each of these issues. Nearly half of voters (48 percent) also want lawmakers to pay more attention to health care reform, but almost three in ten (28 percent) say the issue is getting too little attention now. Registered voters who self-identify as Republicans are more likely than those who call themselves Democrats or independents to say lawmakers are paying too much attention to health care reform (46 percent), Medicare (25 percent), and Medicaid (24 percent). Similarly, voters with an unfavorable view of the ACA are somewhat more likely than those with a favorable view to say lawmakers are paying too much attention to health care reform (35 percent compared with 25 percent).

Voters Wants Lawmakers to Pay More Attention to Issues, Starting With Economy

As I read you some different issues, please tell me if you think lawmakers in Washington are paying too much attention, too little attention, or about the right amount of attention to each.



Note: Don't know/Refused answers not shown.
Source: Kaiser Family Foundation Health Tracking Poll (conducted June 9-14, 2011)



Thinking about how the issue of health care might play out in the upcoming presidential campaign, Democrats continue to have their traditional advantage over Republicans in public trust regarding various aspects of health care. The biggest advantages for Democrats are in making sure seniors get needed health care (+12 percentage points among registered voters) and handling Medicaid (+10 percentage points), but Democrats also have advantages on preserving Medicare for future generations (+9), handling Medicare in general (+7), handling health care reform (+6), and lowering health care costs “for people like you” (+6). However, when it comes to handling the federal budget deficit, voters lean towards Republicans—42 percent trust them more, compared with 37 percent who choose the Democrats.

Among registered voters ages 65 and older, a key voting bloc, the Democratic advantage on health care issues is smaller than among voters overall, with senior voters being more split on who they trust more to handle health care reform (+1 Dem), or to lower health care costs for people like them (+1 Rep) and the nation (+4 Rep).

| Percent who say they trust the Democrats/Republicans to do a better job when it comes to... | Among all registered voters | | | Among registered voters age 65+ | | |
|---|-----------------------------|-------------------|------------|---------------------------------|-------------------|------------|
| | Trust Democrats | Trust Republicans | Difference | Trust Democrats | Trust Republicans | Difference |
| ...making sure seniors on Medicare today are able to get the health care they need | 47% | 35% | +12 D | 46% | 37% | +9 D |
| ...handling Medicaid | 46 | 36 | +10 D | 45 | 39 | +6 D |
| ...preserving Medicare for future generations | 45 | 36 | +9 D | 47 | 39 | +8 D |
| ...handling Medicare | 44 | 37 | +7 D | 46 | 41 | +5 D |
| ...handling health care reform | 44 | 38 | +6 D | 43 | 42 | +1 D |
| ...lowering health care costs for people like you | 43 | 37 | +6 D | 40 | 41 | +1 R |
| ...lowering the nation's health care costs | 42 | 39 | +3 D | 39 | 43 | +4 R |
| ...handling the federal budget deficit | 37 | 42 | +5 R | 35 | 44 | +9 R |

Methodology

This *Kaiser Health Tracking Poll* was designed and analyzed by public opinion researchers at the Kaiser Family Foundation led by Mollyann Brodie, Ph.D., including Liz Hamel, Sarah Cho, and Theresa Boston. The survey was conducted June 9 through June 14, 2011, among a nationally representative random sample of 1,203 adults ages 18 and older. Telephone interviews conducted by landline (803) and cell phone (400, including 174 who had no landline telephone) were carried out in English and Spanish by Princeton Survey Research Associates.

The margin of sampling error is plus or minus 3 percentage points for results based on the total sample; for results based on seniors the margin of sampling error is plus or minus 7 percentage points. For results based on other subgroups, the margin of sampling error may be higher. Note that sampling error is only one of many potential sources of error in this or any other public opinion poll.

The full question wording, results, charts and a brief on the poll can be viewed online: <http://www.kff.org/kaiserpolls/8202.cfm>

Additional copies of this publication (#8202-F) are available on the Kaiser Family Foundation's website at www.kff.org.