



Healthier and Wealthier, or Sicker and Poorer? Prospects for Medicare Beneficiaries Now and in the Future

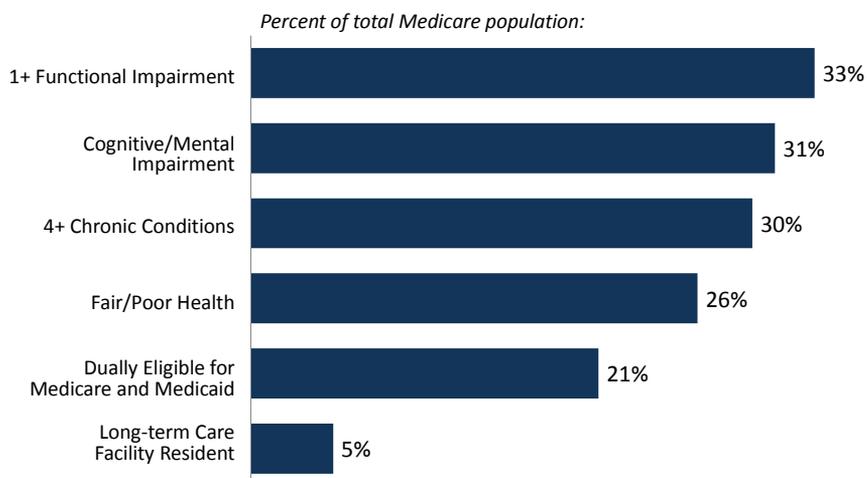
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Alliance for Health Reform

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Exhibit 1

While some on Medicare enjoy good health, many have modest resources and significant health needs



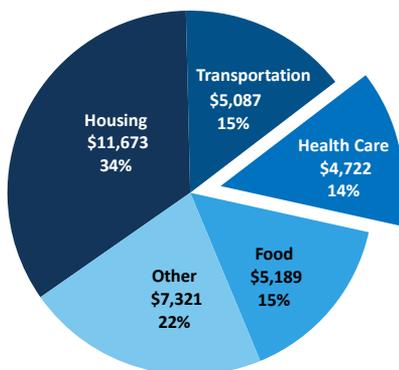
SOURCE: Kaiser Family Foundation analysis of the Centers for Medicare & Medicaid Services Medicare Current Beneficiary 2010 Cost and Use file.



Exhibit 2

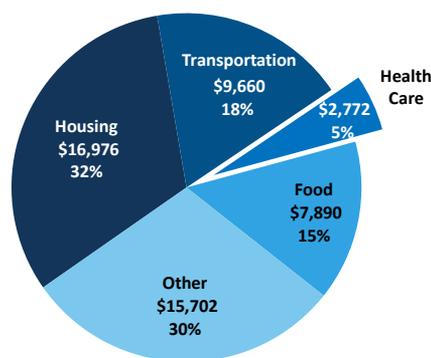
Even with Medicare and supplemental coverage, Medicare households spend far more than others on health expenses

Medicare Household Spending



Average Household Spending =
\$33,993

Non-Medicare Household Spending



Average Household Spending =
\$53,000

SOURCE: Kaiser Family Foundation analysis of the Bureau of Labor Statistics Consumer Expenditure Survey Interview and Expense Files, 2012.



Exhibit 3

Medicare faces range of challenges

Budget and financing

- Medicare is 16% of the federal budget and rising as a share of the budget and the economy
- Medicare faces long-term financing challenges, with fewer workers to support retirees, and growing number of Medicare beneficiaries

Beneficiaries

- Beneficiaries incur relatively high out-of-pocket expenses as a share of income and household budgets (no limit on spending, dental, or long-term care)
- Medicare's benefit structure is complex (traditional Medicare); unclear how well beneficiaries navigate private marketplace, but have many choices

Other challenges

- Improving care management and targeting interventions to beneficiaries with the greatest needs and highest costs
- Setting fair payments to plans and providers (e.g. the SGR)



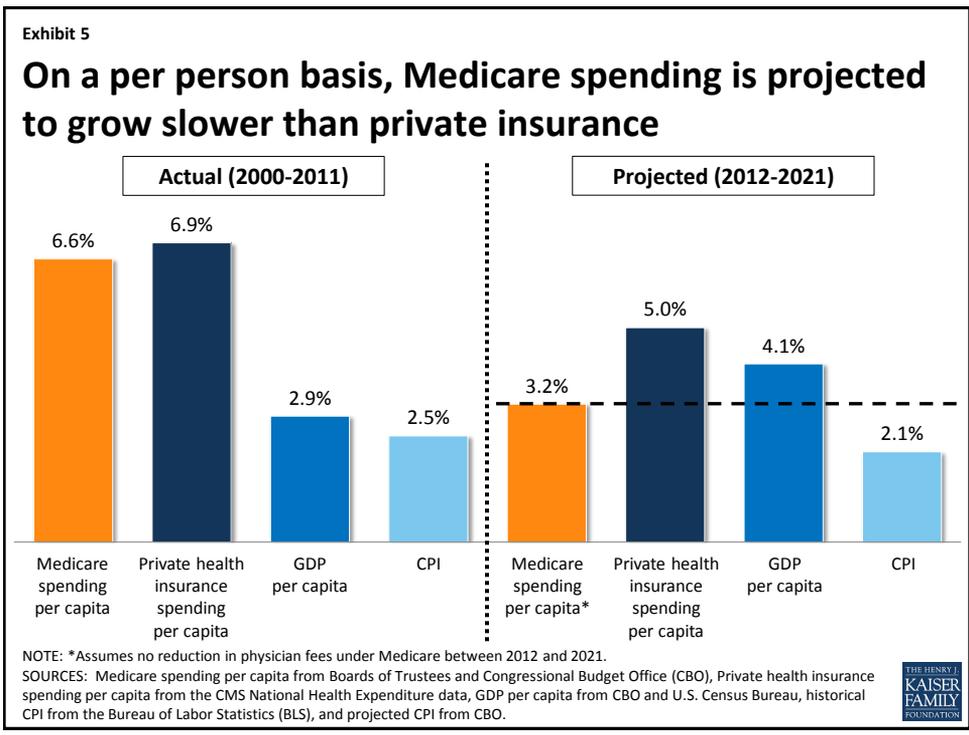
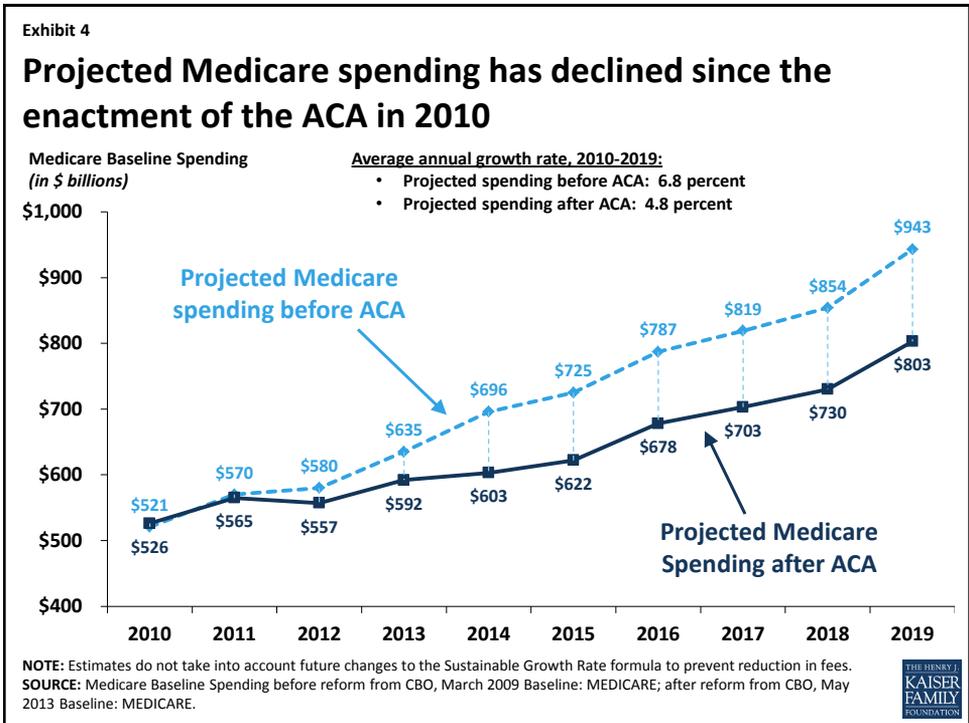


Exhibit 6

Several Medicare proposals could directly affect beneficiaries' out-of-pocket costs

Savings	Benefit Improvements
<ul style="list-style-type: none">✓ Raise Medicare Part B and D premiums for beneficiaries with higher incomes✓ Introduce home health copayments (for all/new enrollees)✓ Raise Part B deductible (for all/new enrollees)✓ Impose premium surcharge for Medigap/retiree coverage; prohibit "first dollar" Medigap coverage✓ Restructure Medicare's benefit design✓ Raise the age of Medicare eligibility✓ Premium support/ defined contribution	<ul style="list-style-type: none">✓ Strengthen financed protections for low-income beneficiaries✓ Provide new limit on out-of-pocket expenses under Parts A and B✓ Expedite closing of Medicare Part D "donut hole"