Clinton’s Medicare buy-in concept revives debate on public option

By Harris Meyer | May 14, 2016

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Democratic presidential front-runner Hillary Clinton[1] unexpectedly revived the idea of letting Americans in their 50s buy into Medicare as a way of reducing their premiums and out-of-pocket costs. But how viable is that proposal, both policy-wise and politically, given powerful healthcare industry opposition to expanding government-run plans?

During a discussion with voters in a Stone Ridge, Va., cafe last week, Clinton said allowing consumers to buy in to the popular senior program is one approach she’s considering to address the problem of unaffordable private insurance premiums. “If you were able to move people 55 or 50 and up, who are the biggest users of healthcare, into the Medicare program—they would have to...
buy in, but they would be buying into such a big program that the costs would be more distributed,” she said.

She previously proposed letting states establish public plans to compete with private insurers, which her campaign said would “reduce costs and broaden the choices of insurance coverage.” She also suggested last week that she’d like to extend Affordable Care Act premium subsidies to a wider range of Americans.

“People shouldn’t just—once they get to a certain income level—shouldn’t lose all their benefits,” she said.

As first lady, Clinton supported the Medicare buy-in concept after her husband proposed it in 1998 for people ages 55 to 64. There also was an unsuccessful push for the proposal during the late stages of the congressional battle over the ACA in 2009.

Supporters argue that a so-called public option would force private insurers to keep their premiums down and improve their benefits and service, while opponents say it would undermine the private markets and shift costs to commercial and employer health plans.

One political advantage for Clinton is that opening Medicare to a broader demographic could appeal to supporters of her Democratic primary opponent Vermont Sen. Bernie Sanders[2], whose government single-payer plan has fired up his base. And Clinton’s concept likely would carry a much lower price tag than Sanders' plan—which the Urban Institute said would cost twice as much as Sanders claims—though it would cover far fewer people.

In a written statement, Sanders said, “We don’t need Medicare for some, we need Medicare for all.”

Both advocates and foes of the idea, however, say letting people in their 50s and early 60s buy into Medicare could pave the way for expanding Medicare to a wider segment of the population. And both sides say the devil is in the details, which Clinton didn’t lay out in her brief mention of the concept.
Depending on how it’s designed, a Medicare buy-in program could strengthen the senior program by bringing younger and healthier people—along with their premium payments—into the Medicare risk pool, said Judith Stein, executive director of the Center for Medicare Advocacy, which supports the concept.

At the same time, she added, it could reduce the costs of coverage in the ACA exchanges by drawing out these relatively older people. “It could be a win-win for both programs,” she said.

But insurers, providers and medical suppliers generally oppose any proposal to establish a new public health-plan option, and that feature was removed from the ACA to win passage of the law. “I don’t see any difference between (the Medicare buy-in) and the public option,” said Chip Kahn, CEO of the Federation of American Hospitals. “We opposed it in 2009 and 2010, and hospitals would take the same position (now).”

Providers reject the idea, Kahn said, because Medicare is “a rate-regulated system in which government holds all the cards.” He said he would prefer to see the next president focus on improving the ACA’s system of subsidized private coverage. “It’s unfortunate to bring this up because it’s potentially destabilizing to the market,” he said. “It’s the wrong proposal at the wrong time.”

Harold Pollack, a liberal healthcare policy expert at the University of Chicago who favors proposals for a Medicare buy-in or a public plan option, acknowledged that trying to open Medicare to relatively younger people would set off a huge political battle with healthcare industry groups and congressional Republicans, just as the public option proposal did in 2009.

But one big advantage of a Medicare buy-in model, Pollack said, is it would allow incremental expansion of public insurance to a younger population, rather than shifting to a single-payer system in one sweeping move. Such a system necessarily would look different from traditional Medicare for seniors. A more limited program would let policymakers work out the details of how to set premium and cost-sharing levels, establish subsidies, design benefits and incorporate managed care, he said.

“This will be a difficult political fight, but the ACA was a difficult political fight,” Pollack said. “Hillary is putting down a marker for something that will be very popular. But it won’t go anywhere until the Democrats have a real majority in Congress.”