During the 2020 Democratic presidential primaries, the big health care debate among candidates was over creating a universal “Medicare-for-all” system or a public option health plan available on a voluntary basis to anyone.

Without support from President Biden and with a closely divided Congress, Medicare-for-all is not happening anytime soon.

A public option, championed by President Biden during the campaign, is also not being seriously discussed right now in Congress. Coined “Medicare-for-all who want it” by candidate Pete Buttigieg (now Secretary of Transportation), a public option seemed like a possible consensus position among progressive and moderate Democrats. But the more a public option got framed in opposition to Medicare-for-all, the less appealing it became to advocates of a universal single-payer system. Also, the promise of an aggressive campaign against both Medicare-for-all and a public option by the health care industry may have spooked moderate Democrats.

### Lowering the Age of Medicare Eligibility

Instead, single-payer advocates seem to be uniting behind a different incremental approach: lowering the age of eligibility for Medicare, an idea also supported by President Biden late in the campaign and again recently.

A recent op-ed from Sen Bernie Sanders (I, Vermont) and Rep Pramila Jayapal (D, Washington) argued for lowering the age of eligibility for Medicare from 65 to 60 years, or even younger.

It can be difficult to explain complex health reform plans, which makes it tough to build support for them. The idea of allowing people to sign up for Medicare a few years earlier is much easier to grasp. And, although this proposed reform is a relatively narrow expansion of Medicare, it could be viewed as a potential pathway to Medicare-for-all over the long-term.

### What Medicare for More Would Mean for Costs and the Health Care Industry

The fact that lowering the Medicare eligibility age is a simple and relatively narrow expansion of the program does not mean the effects would be entirely predictable or without controversy.

Overall health spending would certainly drop for people switching from private insurance to Medicare. A recent Kaiser Family Foundation analysis found that although health care spending generally rises as people age, there’s a big drop when people switch from private insurance to Medicare. Monthly costs average $770 for 65- to 69-year-olds under Medicare compared with $1061 for the younger group of 60- to 64-year-olds under employer-based insurance.

That is because private insurance pays higher prices than Medicare—an average of 99% higher for hospital services and 43% higher for physician care, according to a review of the literature. The hospital industry can be expected to oppose lowering the age of Medicare eligibility vigorously, viewing it as a slippery slope toward Medicare-for-all, with lower revenues and profits.

Employers, on the other hand, could save a substantial amount if some of their employees and dependents with the most health care needs switched to Medicare. For example, even though 60- to 64-year-olds represent just 7% of enrollees in large employer health plans, they account for 15% of
spending. It is unclear how many employed people with insurance would switch to Medicare, but the savings for businesses could be substantial. A recent survey of corporate executives found substantial openness to the idea of lowering the age of Medicare eligibility. The business community could be a powerful political counterweight to the health care industry, if they chose to get engaged.

The health insurance industry is unlikely to advocate for a greater role for government in the health care system, but insurers would not necessarily be adversely affected. About 4 in 10 Medicare beneficiaries are now enrolled in private Medicare Advantage plans rather than traditional Medicare, and the financial margins in these plans can be substantial.

What Medicare-for-More Would Mean for People

Among adults, people aged 60 to 64 years are the least likely to be uninsured, but even so, 7.8% are without coverage. Many in this group have current options through the Affordable Care Act (ACA) and Medicaid, but the possibility of joining Medicare early might prove more attractive.

Virtually all hospitals and physicians participate in traditional Medicare, which could offer a distinct advantage over private insurance plans for those who are already insured. Some people might choose to retire earlier, knowing their health insurance is secure.

Still, Medicare has potential downsides for patients, which could prompt some not to elect the option if it were available. Because of substantial patient cost-sharing in traditional Medicare, many beneficiaries end up buying supplemental insurance. And there is no cap on catastrophic out-of-pocket expenses in Medicare (though there is one in private Medicare Advantage plans, except for prescription drug costs). There is also very limited coverage for dental, hearing, and vision care.

How to Pay for It

As is often the case with health policy ideas, the biggest controversies and trade-offs are raised by how to pay for them. To pay for lowering the age of Medicare eligibility and improving the benefits in the program, Sen Sanders and Rep Jayapal propose giving the federal government authority to negotiate drug prices, which would produce savings in the budget, as well as lowering costs for patients and employers. There is overwhelming bipartisan support for this idea among the public (if not among members of Congress), but it is strongly opposed by the powerful pharmaceutical industry.

There are also competing health care priorities for whatever funding may be available, such as extending the temporary increase in ACA premium assistance included in the American Rescue Plan or covering the 2.2 million poor adults who lack access to coverage because their states have not expanded Medicaid under the ACA.

The Future of Health Reform

In a closely divided Congress, and with significant opposition from many health care interest groups, lowering the age of Medicare eligibility faces long odds for passage this year. But this is the beginning of a debate over what the next step in health reform might look like and who might be for or against it, a process that may play out over years rather than months.

ARTICLE INFORMATION

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