



Medicare

What It Is and Why It Matters to You

Medicare fixed a broken private insurance market. Medicare is a federal program that provides affordable health insurance to Americans ages 65 and older as well as younger adults with long-term disabilities. Today, more than 55 million Americans rely on Medicare. Before the enactment of Medicare in 1965, many seniors and people with disabilities were unable to buy coverage in the private insurance market.

Medicare gives beneficiaries choices they can trust. The program gives beneficiaries a choice between two plans: traditional Medicare and Medicare Advantage plans. Traditional Medicare offers more choices of providers, while Medicare Advantage plans typically cover fewer providers but have lower out-of-pocket costs. Regardless of which plan is chosen, Medicare guarantees comprehensive coverage at an affordable cost for all medically necessary healthcare services.

Medicare is more efficient than the private insurance system. Medicare's big advantage is that it can dictate prices because it has so many enrollees. In fact, Medicare spending is growing less rapidly than private spending, largely because Medicare can set hard limits on how much it will pay for certain services, whereas private plans cannot. Medicare also has far lower administrative costs and no need to generate a profit to line the pockets of shareholders.¹

Americans overwhelmingly support Medicare. More than three-quarters of Americans say Medicare is "very important." Among those ages 65 and older (virtually all of whom are covered by Medicare) support cuts across party lines, with approximately 90 percent of Republicans, Independents and Democrats saying the program is very important. That's because most Americans are personally impacted by the Medicare program, either because they're covered by the program themselves, have someone in their family who is covered, or will be covered at some point in their lives.²

AFT members have earned their Medicare benefits. All AFT members have paid into the Medicare system their entire working lives and rightfully have the expectation that it will be there for them. Medicare is supported by payroll and income taxes deducted from working families' paychecks, and cutting benefits is nothing less than a broken promise.

The **American Federation of Teachers** is a union of 1.6 million professionals that champions fairness; democracy; economic opportunity; and high-quality public education, healthcare and public services for our students, their families and our communities. We are committed to advancing these principles through community engagement, organizing, collective bargaining and political activism, and especially through the work our members do.

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Repealing the Affordable Care Act would put Medicare at risk. The ACA took important steps to strengthen Medicare. Under the ACA:

- Medicare now provides free coverage for preventive services, like screenings for cancer and cardiovascular disease, and makes it easier to pay for prescription drugs (by closing the coverage cap or “donut hole” in Medicare’s drug benefit).
- The Medicare Trust Fund is more sustainable, with a small increase in the Medicare payroll tax and an investment tax on high-income earners, a fee on manufacturers and importers of branded drugs, and cuts to excess payments to private insurers.

Repealing these improvements creates a tax cut for the rich and puts the sustainability of the Medicare program at risk.³

Republicans want to marketize and minimize Medicare benefits. Turning Medicare into a “premium-support” system is a long-time goal of Republicans in Congress. These proposals would shift the risk and costs of healthcare onto seniors and individuals with disabilities. Initially, Medicare beneficiaries would face higher out-of-pocket costs for benefits currently covered. Beneficiaries’ costs would rise steadily over time, as Republican proposals link government support to a slowly growing index.⁴ Under House Speaker Paul Ryan’s plan, a typical senior would have to cover 68 percent of his or her healthcare expenses by 2030, up from 25 percent under the current Medicare program.⁵

Republicans also want to strip away insurance safeguards meant to protect Medicare beneficiaries—leaving it up to private insurers to decide whom to cover, which services to cover, and how much beneficiaries should pay—and send Medicare beneficiaries onto the market with a voucher to buy their own private policy. The result would be devastating: Seniors and people with disabilities would have to choose among a dizzying array of plans with few standard benefits and cost-sharing requirements.

¹ “2016 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds.” Accessed: <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/downloads/tr2016.pdf>

² Mira Norton, Biana DiJulio, and Mollyann Brodie. “Medicare and Medicaid at 50.” (Menlo Park: Kaiser Family Foundation, 2015). Accessed: <http://kff.org/medicaid/poll-finding/medicare-and-medicare-at-50/>

³ “What Are the Implications of Repealing the Affordable Care Act for Medicare Spending and Beneficiaries?” (Menlo Park: Kaiser Family Foundation, 2016). Accessed: <http://kff.org/health-reform/issue-brief/what-are-the-implications-of-repealing-the-affordable-care-act-for-medicare-spending-and-beneficiaries/>

⁴ Beth Fuchs and Lisa Potetz. “The Nuts and Bolts of Medicare Premium Support Proposals.” (Menlo Park: Kaiser Family Foundation, 2011). Accessed: <https://kaiserfamilyfoundation.files.wordpress.com/2013/01/8191.pdf>; Henry Aaron. “Vouchers or Premium Support: What’s in a Name?” (Health Affairs Blog, 2011). Accessed: <http://healthaffairs.org/blog/2011/04/06/vouchers-or-premium-support-whats-in-a-name/>

⁵ “Long-Term Analysis of a Budget Proposal by Chairman Ryan.” (Congressional Budget Office, 2011). Accessed: <https://www.cbo.gov/publication/22085?index=12128>