

Commentary

What Will Happen to Traditional Medicare?

By Ken Terry

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The percentage of seniors in Medicare Advantage plans continues to increase, and [there has even been speculation](#) that all beneficiaries will eventually have no choice other than to join these private plans. This would be a disaster for the health of seniors and would drive up health costs faster than they're rising today.

Many seniors would not enroll in Medicare Advantage (MA) voluntarily, even though these plans have low or no premiums, low copayments and some coverage for services that traditional Medicare doesn't cover, such as vision and dental benefits. These beneficiaries prefer to remain in the fee-for-service program, where they have access to all providers who accept Medicare. They shun MA plans that have narrow networks, restrict coverage for many services, routinely use prior authorization, and even [place barriers](#) in the way of necessary hospital admissions.



The seniors who cling to traditional Medicare [tend to be older](#), and many of them have complex health conditions. They want to have as much access to care as possible in case they get severely ill. Not surprisingly, [it has been shown](#) that beneficiaries who switch back to original Medicare from MA plans tend to be in worse health than those who join those plans.

IMBALANCE IS BREWING

The growth of Medicare Advantage plans means that they now include a broad mix of seniors, including some of the sicker beneficiaries. However, when the majority of Medicare beneficiaries belong to MA plans, a larger portion of those remaining in traditional Medicare will be people with complex chronic conditions who value having a wide choice of physicians and hospitals and who don't want restrictions on the care they can receive. Theoretically, the government could continue to subsidize the cost of care for this ailing population; but eventually, traditional Medicare will have no choice but to raise premiums, and supplemental plans will follow suit. This will prompt more seniors to join MA plans, leaving the pool remaining in traditional Medicare even sicker and more expensive to care for.

Of course, Republicans applaud this transformation of the government program into private insurance. Many Democrats also support the MA program because it is so popular. The Department of Health and Human Services views the transition to Medicare Advantage as part of its goal of moving all beneficiaries to value-based care by 2030. But there are reasons to question whether Medicare Advantage provides value. After all, MA plans have cost Medicare \$353 billion more in the past five years than it would have otherwise spent on the beneficiaries who enrolled in those plans — and the private plans are anticipated to cost taxpayers \$88 billion extra in 2024.

Michael Chernew, the chair of the Medicare Payment Advisory Commission, [points out that MA plans](#) have restrained utilization of resources. But, if they cost Medicare more than fee-for-service, single-payer coverage does, MA plans are simply generating profits for corporations without cutting the growth of health costs for society.

The goal of the original Medicare program was to provide good healthcare to seniors when they could least afford it. The idea was for people to pay into the program when they were younger and for Congress to cover hospital care with appropriated funds.

Gradually, beneficiaries had to pay higher and higher Part B premiums for outpatient care, and healthcare became so expensive that people in traditional Medicare had to buy private supplemental plans to cover the costs that Medicare didn't. Hence, the door was opened to Medicare Advantage plans that reduce this expense for seniors but also offer them less comprehensive coverage when they get sick.

Clearly, the time has come for our country to stop ignoring the unsustainable growth of healthcare costs and to stop pretending that shifting insurance from the public to the private sector will solve the problem.

The costs are still coming out of taxpayers' pockets, and the profits are going to rich corporations. The only solution is real healthcare reform that changes how we deliver and finance care.

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