

Targeting Wealthy Medicare Beneficiaries

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More than half of 15 major deficit reduction proposals put forth in 2010 and 2011 call for higher-income Medicare beneficiaries to pay more for their coverage.

The details differ, but the objective is the same: Reduce the taxpayer subsidy for the health coverage of people who can afford to pay their own way.

- [President Barack Obama](#): Freeze the \$85,000 income threshold above which beneficiaries pay more, until one-quarter of them are part of this group, and raise premiums for them by 15 percent.
- [Rep. Paul Ryan, R-Wis.](#): Shift to a premium support system, where the federal government would pay a percentage of the premium for the purchase of private insurance. The wealthiest 2 percent of beneficiaries would get only 30 percent of the premium help provided to less affluent beneficiaries; those in the next 6 percent would receive 50 percent of such support.
- [Sens. Joseph I. Lieberman, I-Conn., and Tom Coburn, R-Okla.](#): Require individuals with annual incomes at or above \$150,000 (\$300,000 for couples) to pay the full cost of their Medicare Part B and Part D coverage. Cap out-of-pocket costs for most beneficiaries at \$7,500 per year but set substantially higher caps for wealthier beneficiaries.
- [American Enterprise Institute](#): Shift to a premium support plan over time, while increasing premiums meanwhile for all beneficiaries, with higher-income seniors paying the most.

- [Cato Institute](#): Increase premiums for all Medicare beneficiaries to cover 35 percent of program costs, up from 25 percent now; expand the number of participants subject to extra premiums and raise premiums for that higher-income group to cover more of the cost of coverage.
- [Bill Galston-Maya MacGuineas](#): Raise premiums paid by higher-income seniors so that 35 percent of program costs would be covered by premium income, up from 25 percent now. (Galston is from the Brookings Institution and MacGuineas is from the New America Foundation.)
- [Heritage Foundation](#): Transition to a premium support system. In the meantime, increase the standard Part B premium until it covers 35 percent of program costs, up from 25 percent currently. Require individuals with annual incomes above \$55,000 (couples over \$110,000) to pay the full cost of their coverage.
- [Republican Study Committee](#): Transition to a premium support system for all, and raise premiums for higher-income seniors.