

THE ROLE OF HIGH-INCOME SENIORS IN MEDICARE REFORMS: THE PUBLIC'S PERSPECTIVE

In the midst of ongoing budget debates and the 2012 presidential campaign, Medicare remains in the spotlight as policymakers and presidential candidates look for ways to rein in spending on the nation's premier health coverage program for seniors and nonelderly people with disabilities. One facet of this debate has centered on whether seniors with higher incomes should pay more for their coverage under Medicare. While most beneficiaries currently pay monthly premiums equal to 25 percent of the per person cost of Medicare coverage for physician and outpatient services and prescription drugs, beneficiaries pay higher premiums for this coverage if their incomes are greater than \$85,000 a year for an individual or \$170,000 a year for a couple. These thresholds will remain at current levels until 2020 when they will increase annually at the rate of inflation. The Obama Administration has proposed to maintain the thresholds at current levels beyond 2019 until such time when 25 percent of beneficiaries pay an income-related premium.¹ Also, some proposals to change Medicare into a premium support system, where the federal government guarantees each person on Medicare a fixed payment to purchase health insurance, would link the government payment to income, providing lower payments to those with higher incomes.²

The February Kaiser Health Tracking Survey³ found that, as of now, a slim majority of the public (54 percent) support the idea of having high-income seniors pay higher premiums. But who exactly is a "high-income" senior? Policymakers have one idea, but the public may have another. In this Data Note, we examine what income level the public sees seniors as 'wealthy,' and find that the answer has a lot to do with how the question is asked.

WHERE IS THE PUBLIC ON RAISING PREMIUMS FOR WEALTHIER SENIORS?

Just over half of Americans (54 percent)—and roughly six in ten seniors—support requiring higher income seniors to pay more for Medicare premiums in order to reduce the federal budget deficit. When it comes to political allegiances, Democrats (58 percent) and independents (57 percent) are more likely to favor this change than Republicans (46 percent), a pattern that holds true among seniors as well. There is little difference in favorability across different age groups.

However, it is important to note that most Americans (86 percent) are currently unaware that Medicare already requires higher income seniors to pay more for coverage of physician and outpatient services and prescription drugs. This fact is not known by similar shares of seniors and younger adults. In addition, we don't know if knowledge of current policy would sway the public's opinion on requiring seniors with higher incomes to pay more for coverage.

Percent who say they FAVOR requiring high income seniors to pay higher Medicare premiums or are UNAWARE that wealthier seniors currently pay more for Medicare coverage										
	ALL	By Party ID			By Age			AMONG SENIORS By Party ID		
		Dem	Ind	Rep	18-49	50-64	65+	Dem	Ind	Rep
Requiring only high income seniors to pay higher Medicare premiums	54%	58%	57%	46%	54%	54%	59%	63%	65%	48%
Unaware that wealthier seniors currently pay higher premiums than other seniors for Medicare coverage	86	83	88	88	85	90	84	86	82	87

¹ Kaiser Family Foundation, *Income-Relating Medicare Part B and Part D Premiums Under Current Law and Recent Proposals: What are the Implications for Beneficiaries?* February 2012, <http://www.kff.org/medicare/8276.cfm>.

² Kaiser Family Foundation, *Comparison of Medicare Premium Support Proposals*, March 2012, <http://www.kff.org/medicare/8284.cfm>.

³ Kaiser Family Foundation, *Health Tracking Poll*, conducted February 13-19, 2012. <http://www.kff.org/kaiserpolls/8281.cfm>.

IS \$85,000 A YEAR HIGH INCOME, OR NOT?

With current policy proposals focused on higher premiums for Medicare beneficiaries with incomes at or above \$85,000 (\$170,000 for couples), this analysis considers whether the average American views \$85,000 as high income for a senior, or not. The answer is, that depends.

In the February Kaiser Health Tracking poll, people were asked a series of four questions about whether they consider each of the following annual income levels as “high income” for an individual senior: \$50,000, \$85,000, \$150,000 and \$250,000. Because the context of the question can have an effect on responses, half the respondents were asked the questions moving from the lowest income category to the highest, and the other half heard the questions in order of highest to lowest. As the table below shows, the order in which people heard the questions affected their responses.

THE VERDICT?

Most Americans agree that an individual senior with income of \$50,000 per year is not high income, and that one who has income of \$250,000 per year is. Although the response is slightly less unanimous, most Americans also agree that \$150,000 per year for a senior qualifies as high income. But in the case of the \$85,000 level that corresponds to the actual threshold that determines which individuals pay higher Medicare premiums, Americans’ opinions differ depending on the context in which they hear the income amounts. Fully three-quarters (77 percent) of the public views \$85,000 as a high income when they were first asked whether they considered \$50,000 a high income. In contrast, of those that heard the income amounts ordered from higher values to lower values, less than half (39 percent) consider \$85,000 to be a high income level for a senior.

Percent who say they consider an individual senior with the following annual income a “high income” senior		
	Among those who heard incomes read \$50k to \$250k:	Among those who heard incomes read \$250k to \$50k
\$50,000	33%	11%
\$85,000	77	39
\$150,000	95	69
\$250,000	98	83

In terms of family income, generally, those with incomes of less than \$50,000 per year are more likely than those with higher incomes to consider the presented values as a high income for a senior, but the shares still very much depend on the order in which the values are read. About half of those whose family income is less than \$50,000 a year perceived \$85,000 as high income even when they were posed the questions with the top income levels first, compared to 29 percent of those with higher incomes. For those who heard the values in order of lowest to highest, 87 percent of those with lower incomes thought \$85,000 was a high income for a senior, compared to 70 percent of those with an income of \$50,000 or more.

Percent who say they consider an individual senior with the following annual income a “high income” senior, by annual household income				
	Among those who heard incomes read \$50,000 to \$250,000:		Among those who heard incomes read \$250,000 to \$50,000:	
	Lower income (Less than \$50,000)	Higher income (\$50,000 or more)	Lower income (Less than \$50,000)	Higher income (\$50,000 or more)
\$50,000	47%	18%	17%	5%
\$85,000	87	70	49	29
\$150,000	97	94	75	62
\$250,000	99	98	85	82

To sum it up, people who heard lower values initially were more likely to consider the larger values to be a high level of income for a senior. The opposite was true for those who heard the larger values first: they were less likely to consider the lower values to be high income. And these findings did not differ between seniors and non-seniors. The lack of agreement on what defines a high income senior due to the context of the value, compounded with the lack of awareness of current policy requiring some higher income seniors to pay more for coverage, presents policymakers with a difficult challenge in terms of trying to anticipate how the public overall, and seniors in particular, would react to these policy proposals.

This analysis was based on the Kaiser Health Tracking Poll designed and analyzed by public opinion researchers at the Kaiser Family Foundation and conducted February 13-19, 2012, among a nationally representative random sample of 1,519 adults ages 18 and older living in the United States, including Alaska and Hawaii. Telephone interviews conducted by landline (1,037) and cell phone (482, including 268 who had no landline telephone) were carried out in English and Spanish by Braun Research, Inc. under the direction of Princeton Survey Research Associates International (PSRAI). In order to obtain more interviews with seniors, additional interviews were conducted with respondents ages 65+ who previously completed KFF surveys. The combined sample was weighted to balance the sample demographics to match census estimates for the national population data on sex, age, education, race, Hispanic origin, region, and telephone usage.

The margin of sampling error for the full sample is plus or minus 3 percentage points. For results based on seniors, the margin of sampling error is plus or minus 5 percentage points, and plus or minus 4 points for results based on women. Note that sampling error is only one of many potential sources of error in this or any other public opinion poll.

The full question wording and methodology of the poll can be viewed online at: <http://www.kff.org/kaiserpolls/8281.cfm>.

This publication (#8297) is available on the Kaiser Family Foundation's website at www.kff.org.