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In-depth Survey Finds Bipartisan Consensus on Steps to Address Medicare Shortfall

Washington DC: The problem of Medicare solvency has gained renewed prominence as the new Congressional budget resolution calls for reducing spending on Medicare by nearly half a billion dollars over the next decade. Last month, the government's Centers for Medicare and Medicaid issued a request for input on addressing Medicare's problems in light of the Medicare Trustees' projected shortfall and forewarning that by the year 2028 benefits would need to be cut and/or premiums increased.

A representative sample of 8,000 voters was presented the problem of the Medicare shortfall and asked to evaluate various options for addressing it. Majorities (most of them bipartisan) recommended a series of steps that would eliminate nearly a third of the Medicare shortfall (in a 25-year time frame), while majorities said they could "tolerate" additional steps that would eliminate most of it. The survey was conducted by the Program for Public Consultation (PPC) at the University of Maryland, on behalf of Voice of the People (VOP), a nonpartisan nonprofit organization.

Respondents evaluated various options for reducing the shortfall by both reducing costs and raising revenues, including ones considered by Congress as part of the recent budget resolution.

Seven options were recommended by majorities (five of them bipartisan majorities), enough to reduce the Medicare shortfall by 30 percent.

Eight additional options were found at least "tolerable" by majorities, which would eliminate an additional 67 percent of the shortfall.

"If Congress needs some direction on how to reduce the Medicare shortfall, it may behoove them to listen to the considered views of American voters," commented Steven Kull, President of VOP and director of PPC.

For each option, respondents were first presented a short briefing, told how much it would reduce the shortfall, and evaluated strongly-stated arguments for and against the option. All of this content was reviewed by Congressional staffers from both parties and other experts from across the spectrum of opinion.

The option generating the biggest return was an increase in the Medicare payroll tax from 1.45 to 1.55 percent, which would cover 11.3 percent of the shortfall. It was recommended by 67% (Republicans 69%, Democrats 68%).

Four additional options recommended by bipartisan majorities:

- Encouraging the use of generic drugs by dropping their co-pay to zero and raising the co-pay on their brand-name equivalents, covering 2 percent of the shortfall—recommended by 69% (Republicans 71%, Democrats 70%).
- Requiring pharmaceutical companies to pay a higher rebate for prescriptions to recipients with modest incomes, covering 3 percent of the shortfall—recommended by 69% (Republicans 69%, Democrats 69%).
- Increasing, by 15 percent, the premiums paid by higher-income seniors (defined as individuals with incomes over \$85,000 and \$170,000 for a couple), covering 3.5 percent of the shortfall—recommended by 59% (Republicans 58%, Democrats 63%).
- Lowering the payments to hospitals for services to Medicare recipients to make them equal to the amount paid to doctors' offices for the same services, covering 2 percent of the shortfall—recommended by 56% (Republicans 56%, Democrats 56%).

Two options were endorsed by majorities, but this did not include a majority of Democrats:

- Capping awards for damages for pain and suffering at \$250,000, and awards for punitive damages at either \$500,000, or twice the amount of the award for economic damages, covering 4 percent of the shortfall—recommended by 54% (Republicans 65%, Democrats 46%).
- Modifying recipients' deductibles and hospital costs in a way that would increase deductibles, while putting a cap on the recipient's expenses for hospital care, covering 4 percent of the shortfall—recommended by 52% (Republicans 56%, Democrats divided).

These options selected were previously scored by the Congressional Budget Office (CBO), except for one scored by the Medicare Payment Advisory Commission.

Samples of more than 400 were obtained in eight different states ranging from very Republican Oklahoma to very Democratic New York, but there was remarkably little difference between them.

The survey was conducted online between August 24 and November 11, 2016. The national sample panel of 7,959 respondents was recruited from the larger panel of Nielsen-Scarborough, which was recruited by mail and telephone using a random sample of households. Additional recruiting of 251 respondents in Maryland, Oklahoma and Virginia by telephone and mail was conducted by Communications for Research. The margin of error for the national sample was (+/-) 1.1 percent.

The full report of the results can be found at: http://www.publicconsultation.org/wp-content/uploads/2017/10/Medicare_Report.pdf.

The questionnaire can be found at: http://www.publicconsultation.org/wp-content/uploads/2017/10/Medicare_Quaire.pdf.