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**For Further
Information Contact:**

**Matt James or Tina Hoff
(650) 854-9400
Sara Knoll
(202) 347-5270**

National Survey Suggests Need for Broad Public Debate About Medicare Reform:

**AMERICANS KNOW MEDICARE FACES PROBLEMS,
BUT NOT READY TO MAKE HARD CHOICES**

Future Options Not Well Understood

Few Know About Medicare+Choice

WASHINGTON, DC – A new survey by the Kaiser Family Foundation and Harvard School of Public Health highlights the challenges for policymakers as they consider ways to shore up the Medicare Trust Fund and finance care for the growing number of seniors. While most Americans know Medicare faces fiscal problems, they are not ready to support changes that would produce major savings, according to the new survey. In addition, generational differences and low levels of public knowledge about the proposed options for reform will present more hurdles for policymakers when the debate over Medicare's future comes before the Congress. The National Bipartisan Commission on the Future of Medicare is scheduled to make recommendations on reform to Congress in March 1999.

"This process could end in a train wreck when the debate turns to specific proposals and their consequences if the public is not more informed about the problems facing Medicare and the options for reform," said Drew Altman, PhD, President of the Kaiser Family Foundation.

Public Opinion on Policy Options

Most Americans do not believe Medicare is headed for a "crisis," though they do think the program has financial problems (40% "major" and 26% "minor"). Cutting across generations and political affiliation, the large majority (77%) say it is "very important" to them personally that the program is preserved for future retirees.

"Overall, the public trusts Democrats -- 43 percent -- more than Republicans -- 27 percent -- to deal with the problems facing Medicare," said Robert J. Blendon, Sc.D., Professor of Health Policy and Political Analysis at Harvard University. "As a result, if the Republicans remain the majority party in Congress, they will need bipartisan support in order to make any major reforms in the Medicare program."

Even though almost seven in ten Americans (68%) think fraud and abuse in Medicare is a "major reason" the program is likely to face financial difficulty, only two in ten (20%) think that better management alone is enough to save the program. While they recognize that there are no painless answers, when presented with the arguments for and against specific options to reform Medicare, there is only one proposal that is currently favored by a majority of the country: having higher-income seniors pay more (65% support and 32% oppose).

Experts say this option alone will not produce sufficient savings to assure the solvency of the Medicare Trust Fund

in the future, but the public rejects most other options when the arguments for and against each are weighed:

- 84 percent oppose requiring seniors to pay a larger share of Medicare costs out-of-pocket (13% support);
- 69 percent oppose a defined contribution approach that would limit Medicare contributions for an individual to a fixed annual amount (26% support);
- 64 percent oppose increasing worker payroll taxes (31% support);
- 63 percent oppose raising the age of eligibility to 67 (34% support), the only measure where there is a noticeable difference by party: Republicans (45%) are more supportive than Democrats (30%) or Independents (32%);
- 56 percent oppose encouraging seniors in traditional Medicare to move to managed care (38% support);
- 48 percent oppose reducing payments to doctors and hospitals for treating Medicare patients (47% support).

Not only are most Americans unprepared to accept painful measures to reduce future spending, but across age and party lines most want expansions of the program to address gaps in coverage even when told their taxes or premiums would go up: 68 percent favor expanding Medicare to cover prescription drugs, and 69 percent favor covering long-term care. Almost as many Americans (60%) also favor the proposal to expand Medicare by letting people nearing the age of eligibility, 62 to 64 years old, buy into the program early.

Medicare Managed Care

Moving Medicare beneficiaries from the traditional program to managed care plans is a goal of many reformers. If more seniors were in HMOs and other managed care plans, half of Americans (50%) think it would be "harder" for Medicare patients who are sick to see medical specialists, as compared with just nine percent who think it would be "easier" (34% say "it would not make much difference"). More think the quality of care for Medicare patients who are sick would suffer (31%) than improve (14%) under managed care, but almost half (47%) think there would be no change as compared to the quality of care under the traditional program.

Medicare and the Budget Surplus

While keeping taxes down is important to the public as an election year issue (67% say "very important" to their vote), just 18 percent would use the government surplus to cut taxes. A larger share of the public would like the surplus to be used to protect Social Security and Medicare (42%). When forced to choose between the two programs: 24 percent of Americans pick Social Security and 15 percent Medicare. Almost two-thirds (65%) of those 65 and older say the extra funds should be used to protect Social Security and Medicare. If the money were to be used for only one program preserving Social Security remains the higher priority for seniors: 30 percent say Social Security and 25 percent Medicare.

The Need for Public Education on New Medicare+Choice, and Reform Options

Seniors, in general, are more knowledgeable than those under 65 about the basics of Medicare: 63 percent know the program does not pay for prescription drugs (vs. 22% of those under 65), and 44 percent know it does not pay for long-term nursing home care (vs. 34%). But, as the Federal government gets ready to launch a campaign to educate the public about Medicare+Choice, a new federal program designed to expand the range of health plan options available to Medicare beneficiaries, only one in five (20%) Americans, including 24 percent of seniors, say they have seen, heard, or read anything about this program. Furthermore, only 9 percent of seniors correctly say that the new program gives beneficiaries a choice of health plans.

Most Americans also say they know little to nothing about the options being considered to change Medicare (50% say "only a little" and 25% say they know "nothing" at all). Even among seniors, relatively few consider themselves well informed about the options under consideration (43% "only a little" and 20% know "nothing"). Two in five Americans (39%) know the Medicare Commission exists, and only 13 percent say they are following

news stories about its work even "fairly closely." Seniors are no more aware of the Commission or its activities than younger Americans.

Generational Perspectives: Rating Medicare

There is a striking difference between older and younger Americans when it comes to rating Medicare: 74 percent of those 65 and older say Medicare is doing a "good job," compared with 44 percent of those under age 65. However, Medicare is rated better by young and old alike (49% of all Americans say "good job") as compared to health insurance companies (36% "good job") and HMOs and other managed care plans (30% "good job"). When it comes to evaluating their *own* health plan, seniors (41%) are more likely to give an "A" grade than are those under age 65 with private insurance (29%).

The survey also found that 60 percent of those 65 and older say they trust the current Medicare program to provide health insurance to seniors, compared to less than a third (38%) of those under age 65. Younger generations are more likely to trust privately-run health plans to provide insurance (46%), compared to 14 percent of those age 65 and older.

Methodology

The *Kaiser/Harvard National Survey on Medicare* is a product of the Kaiser-Harvard Program on the Public and Health/Social Policy, which regularly conducts surveys on health and other national issues. It was designed and analyzed by researchers at the Kaiser Family Foundation and the Harvard School of Public Health. The survey was conducted by telephone by Princeton Survey Research Associates with 1909 adults (age 18 or older) nationwide between August 14 and September 20, 1998. The margin of sampling error for the national sample is plus or minus 3 percent. The margin of sampling error may be higher for some of the sub-sets in this analysis.

The Kaiser Family Foundation, based in Menlo Park, California, is a non-profit, independent national health care philanthropy and is not associated with Kaiser Permanente or Kaiser Industries.

Copies of the questionnaire and top line data for the findings reported in this release available by calling the Kaiser Family Foundation's publication request line at 1-800-656-4533 (Ask for #1442). These documents are also available on the Kaiser Family Foundation website at www.kff.org.