



## Budget Digest – Week of January 11<sup>th</sup>

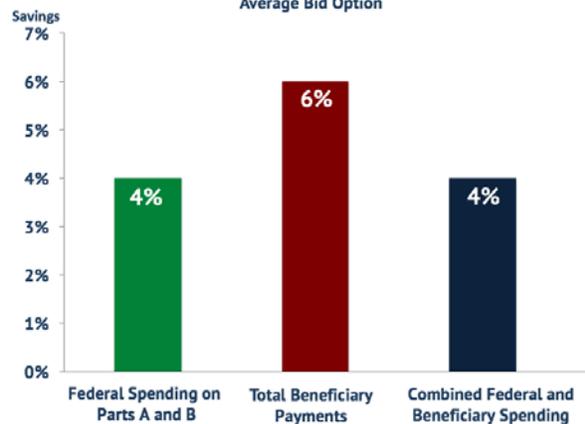
### Saving and Strengthening Medicare: Premium Support

**What is premium support?** It's a Medicare reform that creates a competitive insurance marketplace, similar to Medicare Advantage and Part D. It allows beneficiaries to purchase health insurance from federally-certified competing plans, including traditional Medicare, using a premium support payment provided by the federal government to help defray costs. Premium support payments are adjusted for age, income, and health. For two decades, bipartisan leaders have proposed premium support in order to empower patients, ensure the fiscal sustainability of Medicare and guarantee the program will fulfill the promise of health security for America's seniors.<sup>1</sup> The House budget resolution has carried this proposal for the last five fiscal years.

**Does premium support lower costs?** [According to CBO](#), adopting a premium support model for Medicare would save money both for beneficiaries and taxpayers compared to the current program. See figure below.

**Would it improve Medicare?** Yes. In addition to lowering costs, premium support would operate similar to Medicare Advantage, which provides seniors with greater choices and has higher new enrollments and satisfaction rates than traditional Medicare. Like Medicare Advantage, premium support would include coverage for both hospital stays and doctor visits, but without price fixing set by Washington. Premium support would operate like an improved Medicare Advantage “plus” program that creates a true market where insurers compete for seniors’ business and drive down costs.

**PREMIUM SUPPORT SAVINGS VS. CURRENT MEDICARE PROGRAM**  
Average Bid Option



Source: Based on CBO Data

<sup>1</sup> [1999 Breaux-Thomas Commission](#), the [Domenici-Rivlin 2010 Report](#), and the [Wyden-Ryan Plan of 2011](#).