

SPECIAL REPORT

The Public and the Conflict over Future Medicare Spending

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Two recent government reports show substantial short-term improvements in the financial outlook for Medicare and in the federal budget deficit.^{1,2} However, these forecasts also suggest the need for further action brought about by a worsening of the financial situation after 2015 as the number of Medicare recipients increases from 52 million to 73 million in the decade following.^{1,3} This issue is likely to receive considerable attention in the upcoming debate about the federal budget deficit and the national debt.

As we reported in the *Journal* in 2011, there has been little public support for major policy changes aimed at reducing Medicare spending to lower the federal deficit.⁴ This article goes further and seeks to document the underlying beliefs that may shape the public response to future efforts to substantially slow projected Medicare spending. Our thesis is that there exists today a wide gap in beliefs between experts on the financial state of Medicare and the public at large. Because of the potential electoral consequences, these differences in perception are likely to have ramifications for policymakers addressing this issue.

We examine this thesis by analyzing data from six public opinion polls conducted in 2013 with 1013 to 2017 U.S. adults, plus historical data, in a project supported by the Robert Wood Johnson Foundation (see box for polls). We also compare public-opinion data to published reports on the status of Medicare today. The findings are presented around five issues: public views about Medicare spending and the budget deficit; perceptions of the performance of Medicare; reasons seen for the rising costs of Medicare; views about the future of Medicare; and implications of these beliefs for future elections. Because of the possibility that generational views may differ greatly, most of the data are presented for the total adult population and for

four commonly used age groups. For comparisons between age groups, a P value of less than 0.05 was considered to indicate statistical significance. All P values are two-sided. Sampling variation and weights are accounted for in the calculation of statistical significance.

MEDICARE SPENDING AND THE BUDGET DEFICIT

Medicare spending has slowed during the past 5 years,⁵ but most of the public is unaware of this. As shown in Table 1, more than 6 of 10 respondents (62%) believe Medicare spending is rising faster than it was 5 years ago. Despite this belief, multiple polls show a low level of support (10 to 36%) for major reductions in Medicare spending to reduce the deficit (KFF–RWJF–HSPH, 2013; CBS, 2013; HSPH–SSRS, 2013; see box for poll-name abbreviations). This has not changed significantly since 1993, when 19% of respondents were found to support Medicare spending cuts in order to reduce the federal deficit (Time–CNN–Yankelovich, 1993). The most recent poll shows that the only age group that supports reductions are respondents 18 to 29 years old (HSPH–SSRS, 2013).

This lack of support may relate to beliefs that might not be factually correct. Although Medicare is the third largest item in the federal budget,⁶ many Americans are unaware that it is one of the largest budget items (53% believe it is). In addition, most respondents do not see Medicare spending as a major contributor to the deficit today (31% believe it is a major cause of the deficit; HSPH–SSRS, 2013). One reason that many people believe Medicare does not contribute to the deficit is that the majority think Medicare recipients pay or have prepaid the cost of their health care. Medicare beneficiaries on average pay approximately \$1 for every \$3 in benefits

they receive.⁷ However, approximately two thirds of respondents believe that most Medicare recipients get benefits worth about the same as (27%) or less than (41%) what they have paid in payroll taxes during their working lives and in premiums for their current coverage (HSPH-SSRS, 2013).

MEDICARE PERFORMANCE

Added to these perceptions is the widespread popularity of Medicare. For example, the majority of Americans (72%), including nearly 9 of 10 seniors (88% of adults 65 years of age or older), have a favorable opinion of Medicare (HSPH-SSRS, 2013). Medicare has been popular since before it was enacted into law in 1965. In October 1964, a total of 61% of Americans approved of the proposed Medicare program (Gallup-IISR, 1964). In addition, 60% of the public, including 80% of seniors, currently believe the existing Medicare program is working well for most seniors (KFF-RWJF-HSPH, 2013). The value of Medicare to seniors can be seen in the finding that, in spite of their higher levels of illness, they are less likely than Americans 30 to 64 years old to say they are very or moderately worried about not being able to pay their costs for normal health care (Gallup, 2013).

However, there are concerns about Medicare today and current cost-containment efforts. Most respondents see Medicare in some cases already withholding treatments and prescription drugs to save money, including 63% who believe this happens very often or somewhat often. Also, the public sees the bigger problem for Medicare beneficiaries as not getting the health care they need (61%) rather than as receiving unnecessary care (21%) (HSPH-SSRS, 2013). Medicare pays about half the total personal health care expenditures for beneficiaries,⁸ but many people are confused about what proportion is paid by Medicare, whether it pays for most of recipients' bills or substantially less (HSPH-SSRS 2013).

Although Medicare is popular, it is not seen as better run than private insurance plans, nor is it seen as particularly different from private coverage with respect to quality of care or access to physician care. Despite occasional reports of people wanting "government to keep

Opinion Polls on the Conflict over Medicare Spending

Bloomberg-Selzer poll

February 15–18, 2013

(<http://media.bloomberg.com/bb/avfile/rnyKSyGsiatk>)

CBS News (CBS) poll

March 20–24, 2013

(www.cbsnews.com/8301-250_162-57576433/poll-80-of-americans-unhappy-with-washington/?pageNum=2)

Gallup poll

April 4–14, 2013

(www.gallup.com/poll/162239/middle-aged-americans-worried-finances.aspx)

Gallup-Institute for International Social Research (Gallup-IISR) poll

October 1964*

Harvard School of Public Health-Social Science Research Solutions

(HSPH-SSRS) poll

May 13–26, 2013

(www.hsph.harvard.edu/horp/files/2013/06/HSPH-Medicare-Topline.pdf)

Kaiser Family Foundation-Robert Wood Johnson Foundation-Harvard School of Public Health (KFF-RWJF-HSPH) poll

January 3–9, 2013

(<http://kff.org/health-reform/poll-finding/the-publics-policy-agenda-for-the-113th-congress>)

Pew Research Center for the People and the Press poll

February 13–18, 2013

(www.people-press.org/files/legacy-questionnaires/02-22-13%20Topline%20for%20Release.pdf)

Time-CNN-Yankelovich Partners (Time-CNN-Yankelovich) poll

August 4–5, 1993*

* Available from the Roper Center for Public Opinion Research, Storrs, CT.

out of their Medicare," the overwhelming majority (74%) recognizes that Medicare is a federal government program (HSPH-SSRS, 2013).

REASONS FOR RISING COSTS OF MEDICARE

As shown in Table 2, when given a dozen possible causes for rising Medicare costs that have been suggested either by experts or in the media, the majority do not identify any one of them as the most important. However, the three most often cited reasons relate to poor management of Medicare by government, fraud and abuse in the health sector, and excessive charges by hospitals. The lowest ranked reason was the cost of new drugs and treatments being offered to seniors (HSPH-SSRS, 2013).

FUTURE OF MEDICARE

Of importance to note, the responses of the public vary when it comes to the reasons that future

Table 1. Public Beliefs and Values about Medicare, According to Age.*					
Issue	All Respondents	18–29 Yr	30–49 Yr	50–64 Yr	≥65 Yr
		<i>percent</i>			
Medicare spending and the federal budget deficit					
Do you think Medicare spending is rising faster, slower, or at about the same rate as it was 5 years ago?†					
Faster	62	56	62	72‡§¶	57
Slower	9	18§¶	7	5	6
About the same rate	24	25	27	16	27
Please tell me whether you favor or oppose major reductions in future spending on Medicare to reduce the federal budget deficit†					
Favor	36	56§¶	34¶	30¶	22
Oppose	60	42	62‡	66‡	73‡§
To the best of your knowledge, is Medicare one of the largest items in the federal budget, or is it not?†					
Yes	53	45	51	58‡	59‡
No	36	48§¶	36	32	27
Do not know or decline to answer	11	7	13	10	14‡
Do you think Medicare spending is a major cause, a minor cause, or not a cause of the size of the federal budget deficit?†					
Major cause	31	31	32	30	31
Minor cause	41	44	40	43	36
Not a cause	23	19	24	22	27
People who receive Medicare have paid payroll taxes for much of their working lives and pay premiums for their current Medicare coverage. Do you think most people receiving Medicare get benefits worth . . . ?†					
More money than they pay into the system	24	20	21	29§	30‡§
Less than they pay into the system	41	51¶	45¶	37¶	28
About the same	27	24	28	26	31
Performance of Medicare					
Do you have a favorable or unfavorable opinion of Medicare?†					
Very favorable	36	19	33‡	41‡	59‡§
Somewhat favorable	36	42¶	38¶	34	29
Somewhat unfavorable	12	19¶	14¶	8¶	3
Very unfavorable	7	6	9¶	8¶	4
Would you say the current Medicare program is working well for most seniors, or not?†**					
Medicare is working well	60	57	49	62‡§	80‡§
Medicare is not working well	28	28¶	33¶	29¶	15
Do not know or decline to answer	12	14¶	18¶	9	5
Please tell me how concerned you are about not being able to pay medical costs for normal health care (% very or moderately worried)††					
Very often	44	39	48‡¶	51‡¶	35
Thinking about people who have Medicare today, how often do you think Medicare withholds high-cost prescription drugs, medical care, or surgical treatments from people who might benefit from them in order to save money?†					
Very often	20	15	25	19	15
Somewhat often	43	51¶	46¶	39	34
Not too often	24	28	21	25	24
Not at all	6	3	3	7	15‡§

Table 1. (Continued.)					
Issue	All Respondents	18–29 Yr 30–49 Yr 50–64 Yr ≥65 Yr			
		percent			
Which do you think is the bigger problem for people on Medicare today?†					
They do not get the care they need	61	67¶	66¶	62¶	43
They get care they do not need	21	18	20	21	27‡
Neither‡‡	5	3	4	5	12‡§
Both‡‡	6	8	6	5	4
For the average person >65 yr old, do you think the Medicare program pays for almost all, most, about half, or only a little of their health care costs?†					
Almost all	15	11	13	14	23‡§
Most	26	22	25	29	28
About half	35	43¶	32	36	29
Only a little	21	19	27¶	19¶	13
Which do you think is better run?†					
The federal Medicare program	15	12	14	15	22‡§
Private health insurance plans that people get through their jobs	41	52§¶	41¶	39¶	30
About equally well run	39	33	41	42	40
Do you think patients with Medicare receive better or worse health care than patients with private health insurance plans, or is it about the same?†					
Better	5	3	8	3	5
Worse	27	34¶	26¶	29¶	14
About the same	66	63	63	65	75‡§
Do you think it is easier or harder for patients with Medicare than for patients with private health insurance plans to get an appointment with a doctor, or is there not much difference?†					
Easier	12	15	14	7	11
Harder	37	35	40¶	43¶	25
Not much difference	47	46	44	43	58‡§
To the best of your knowledge, is Medicare primarily a . . . ?†					
Federal government program	74	60	76‡	80‡	81‡
State government program	15	22¶	16¶	14¶	7
Private insurance program	4	6	4	3	4

* All questions were taken directly from the surveys. Percentages do not necessarily add to 100 because the percentage of “Do not know or declined to answer” responses is not shown unless it was 10% or more of the total responses.

† Data are from the responses of 1253 U.S. adults, reported by the HSPH–SSRS, 2013.

‡ P<0.05 for the comparison with the group of respondents 18 to 29 years old.

§ P<0.05 for the comparison with the group of respondents 30 to 49 years old.

¶ P<0.05 for the comparison with the group of respondents 65 years of age or older.

|| P<0.05 for the comparison with the group of respondents 50 to 64 years old.

** Data are from the responses of 1347 U.S. adults, reported by the KFF–RWJF–HSPH, 2013.

†† Data are from the responses of 2017 U.S. adults, reported by the Gallup poll, 2013.

‡‡ Response was not a choice provided in the poll but was offered voluntarily by the respondent.

Table 2. Public Views about Why Medicare Costs Are Rising.*

Reason	Respondents Saying This Reason Is One of the Most Important
	percent
Poor management by the government	30
Fraud and abuse by people, doctors, and hospitals	24
Excessive charges by hospitals	23
Excessive charges by pharmaceutical companies	20
More people are going on Medicare, and there are fewer people <65 yr of age to pay taxes to support them	19
Excessive charges by doctors	18
Money that is being collected for Medicare is being spent on programs other than Medicare	17
People receiving drugs and medical treatments they do not need	17
People do not get enough preventive care	16
People on Medicare are living longer so they cost the program more money	13
Malpractice lawsuits and settlements	10
New drugs, tests, and treatments being offered to the elderly	6

* All reasons were taken directly from the survey. Data are from the responses of 1253 U.S. adults, reported by the HSPH–SSRS, 2013.

Medicare spending should be reduced. As shown in Table 3, the public is more supportive if the rationale is solely to improve the long-term financial position of the program (67%), rather than to reduce the federal deficit (36%) or pay for a tax cut (28%). The majority believe that the program will run out of funds in the next 15 years (77%) and see serious consequences for Medicare beneficiaries. This time period was chosen because it is just beyond the 2026 date when the Medicare trust fund is predicted to run out of money.^{2,3} The majority believe that Medicare 15 years from now will either pay a lower level of benefits than it currently does (38%) or no longer exist (32%) (HSPH–SSRS, 2013). In addition, 39% of respondents believe Medicare probably will not be there when they need it (Bloomberg–Selzer, 2013). A majority also believe that because of budgetary problems, Medicare in the future is likely to withhold prescription drugs, medical care, or surgical treatments from people who might benefit from them (77%) (HSPH–SSRS, 2013).

Despite this aggregate level of support for reducing Medicare spending to improve the long-term financial outlook of the program, it is not clear what major changes will be endorsed in the future. Policy changes relating to perceived excessive charges could garner future support, but many other policies may not. Most Americans support continuing Medicare with fee-for-service payments (65%) rather than changing to capitated health care arrangements (30%). A substantial minority (39%) report that they would face very serious or somewhat serious problems if the retirement age were raised. The majority (64%) believe that if in the future there are cuts in the payments doctors receive from Medicare, doctors will be less willing to see older patients (HSPH–SSRS, 2013). Medicare payment to physicians in 2010 was, on average, 81% of private health plan payments.⁹ Half the public (50%) is aware that doctors are paid less by Medicare than by private health insurance plans. The one area of clear support for the future is the growing preference for Medicare Advantage–type private health coverage among persons less than 65 years of age (HSPH–SSRS, 2013).

POLITICAL IMPLICATIONS

Containing Medicare spending for deficit and sustainability reasons is likely to be an issue in future elections. As shown in Table 3, regardless of the potential seriousness of the problem, candidates who favor major cuts in Medicare spending to reduce the federal budget deficit could face negative electoral consequences. Few registered voters (12%) say that they would be more likely to vote for a congressional candidate taking this stand, whereas many more (58%) say it would make them less likely. This is especially true for registered voters 50 years of age or older, approximately two thirds (66%) of whom say they would be less likely to vote for such a candidate (HSPH–SSRS, 2013).

In conclusion, two points are important. It would aid the long-term resolution of these issues if there were a nonpartisan, broad-based public education campaign launched focusing on how Medicare works financially. Second, it would be advantageous if discussions of the financial sustainability of Medicare could be separated from public debates over reducing budget

Table 3. Public Views about the Future of Medicare and Political Implications, According to Age.*

Issue	All Respondents	18–29 Yr	30–49 Yr	50–64 Yr	≥65 Yr
		<i>percent</i>			
Future of Medicare					
Please tell me whether you favor or oppose major reductions in future spending on Medicare for each of the following purposes†					
Reduce the federal budget deficit					
Favor	36	56‡§¶	34¶	30¶	22
Oppose	60	42	62	66	73‡
Improve the long-term financial outlook of Medicare					
Favor	67	75¶	68¶	68¶	54
Oppose	29	23	29	29	37§
Pay for an income tax cut					
Favor	28	39§¶	31§¶	21	17
Oppose	67	56	64	75‡	75‡
If the President and Congress do not take action, do you think the Medicare trust fund is likely to run out of money in the next 15 years, or not?†					
Likely to run out of money	77	78	79¶	78¶	69
Not likely	15	15	18	18	25‡§
Thinking about 15 years into the future, do you think Medicare will . . . †					
Pay a higher level of benefits than it does now	8	13‡§¶	6	8¶	4
Pay about the same level	18	15	15	17	28‡§
Pay a lower level of benefits	38	32	41	40	36
No longer exist 15 years from now	32	35	34¶	31	25
How likely do you think it is that because of budgetary problems Medicare in the future will withhold high-cost prescription drugs, medical care, or surgical treatments from people who might benefit from them?†					
Very likely	33	25	40	34	30
Somewhat likely	44	51	38	47	43
Not too likely	15	20	14	14	12
Not at all likely	5	2	6	2	11§
Here are two different ways Medicare could pay doctors. Which of these do you think would be better for you?†					
Your doctor gets paid a fee each time they see you	65	54	65	73¶	64
Your doctor gets paid a fixed amount of money so they can manage all of your health care for the year	30	42‡§¶	31§	21	27
Currently, the age of eligibility for receiving Medicare is 65. If you (had been/were) asked to wait 2 years longer before receiving Medicare benefits, would that (have been/be) a problem for you and your family, or not?†					
Very serious	24	13	25	30	24
Somewhat serious	15	22§¶	17¶	13¶	6
Not too serious	4	6	5	3	4
Not a problem	53	57	49	50	62‡§
If in the future there are cuts in the payments doctors receive from Medicare, do you think doctors will be less willing to treat elderly patients, or will it not make much difference?†					
Less willing to treat elderly patients	64	48	66	75‡¶	60
Will not make much difference	35	52‡§¶	33§	24	35§

Table 3. (Continued.)

Issue	All Respondents	18–29 Yr	30–49 Yr	50–64 Yr	≥65 Yr
		<i>percent</i>			
Do you think Medicare pays doctors more, less, or about the same as private health insurance plans pay doctors for the same types of health care? [†]					
More	13	20 ^{§¶}	16 ^{§¶}	9	6
Less	50	43	49	57	52
About the same	30	32	29	27	32
Do you think Medicare pays hospitals more, less, or about the same as private health insurance plans pay hospitals for the same types of health care? [†]					
More	16	21 [¶]	17	13	12
Less	46	35	46	53	48
About the same	33	40 [§]	33	29	33
(When you retire,) If you had a choice, would you prefer to get your Medicare health insurance benefits from . . . ? [†]					
The current government Medicare program	34	26	28	33	57 ^{‡§}
A private health plan, such as a PPO or HMO offered through Medicare	56	65 [¶]	63 [¶]	57 [¶]	29
Do not know or decline to answer	10	7	8	9	13
Political implications					
If a candidate for Congress supports making major cuts in Medicare spending to reduce the federal budget deficit, would that make you more likely or less likely to vote for that candidate specifically because of this issue, or would it not make much difference in your vote? ^{**}					
Much more likely	6	4	9	5	5
Somewhat more likely	6	8	9	4	5
Would not make much difference	24	42 ^{‡§¶}	24 [¶]	19	16
Somewhat less likely	16	16	15	20	13
Much less likely	42	25	41	46	53 [‡]
How important for you and your family is Medicare? ^{††}					
Very important	54	38	47	63 [‡]	73 ^{‡§}
Somewhat important	23	25	25	20	20
Not too important	12	21 ^{§¶}	14 ^{§¶}	8 [¶]	2
Not at all important	10	17 ^{§¶}	13 ^{§¶}	7 [¶]	3
How closely are you following the debate about Medicare spending and the budget deficit? [†]					
Very closely	17	9	14	21	29 ^{‡§}
Fairly closely	25	16	22	32 [‡]	33 [‡]
Not too closely	25	25	27	25	20
Not at all closely	31	47 ^{§¶}	36 ^{§¶}	22	17

* All questions were taken directly from the surveys. Percentages do not always add to 100 because the percentage of “Do not know or decline to answer” responses is not shown unless it was 10% or more of the total responses. HMO denotes health maintenance organization, and PPO preferred-provider organization.

[†] Data are from the responses of 1253 U.S. adults, reported by the HSPH–SSRS, 2013.

[‡] P<0.05 for the comparison with the group of respondents 30 to 49 years old.

[§] P<0.05 for the comparison with the group of respondents 50 to 64 years old.

[¶] P<0.05 for the comparison with the group of respondents 65 years of age or older.

^{||} P<0.05 for the comparison with the group of respondents 18 to 29 years old.

** Data are from the responses of 1063 registered voters, reported by the HSPH–SSRS poll, May 13–26, 2013.

^{††} Data are from the responses of 1347 U.S. adults, reported by the KFF–RWJF–HSPH, 2013.

deficits or enacting tax cuts. Until these concerns are better addressed, the gaps in perception are likely to remain.

The views expressed in this article are those of the authors and do not necessarily reflect those of the Robert Wood Johnson Foundation.

Disclosure forms provided by the authors are available with the full text of this article at NEJM.org.

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