



Press Release

Health & Economy Medicare Premium Support Estimates

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The American Action Forum's Center for Health and Economy (H&E) is dedicated to assessing the impact of proposed reforms to the entire health insurance market. In a new report, H&E simulates a Premium Support reform that offers the choice among Medicare fee for service (FFS) priced as a separate choice with a market-based premium, Medicare Advantage, and market priced Medicare FFS where Part D prescription drug coverage and Medigap supplemental coverage can be added.

Key findings:

- The Medicare market includes an estimated 62 million U.S. residents in 2023, half of whom must make an active choice among combinations of Medicare Advantage, Part D (pharmacy benefit), and private Medigap plans; among the active choosers, 14.2 million selected Medicare Advantage combined with a pharmacy benefit.
- The total size of the Medicare market is estimated to increase throughout the budget window, growing to 78 million in 2033. Premium Support will not affect these population estimates since the enrolled population will remain the same.
- There will be a significant shift between the Medicare FFS to Medicare Advantage of 2.7 million in 2025 and 3.0 million by 2033. The greatest shift will occur from the Medicare FFS, Part D, and supplemental plan choice.
- The Premium Support policy will result in significant saving of nearly \$1 trillion over 10 years if implemented from 2023 to 2033. The 2033 annual estimated savings to the federal budget is \$74 billion.
- The per capita cost of the Medicare program will be reduced under Premium Support by about \$1,000 per person, primarily through a reduction in expenses on Medicare FFS.
- The premiums paid by seniors will be significantly higher under Premium Support for the FFS population, with additional premiums ranging from \$271 to \$446 over the 10-year period of time. This accounts for the higher cost of pricing Medicare FFS as a choice based on its current cost. Medicare Advantage has the lowest premium ranging from \$214 to \$351 per month from 2023 to 2033.

[Read the report](#)