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Would Insuring Near-Elderly Persons Reduce Medicare Spending in Patients Aged 65 Years or Older?

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To The Editor

McWilliams and colleagues (1) find that Medicare spending is higher for previously uninsured persons and suggest that nearly half of the cost of expanding health insurance coverage to uninsured near-elderly adults might be offset by reduced spending in patients aged 65 years or older. We do not believe their research supports the notion of cost savings from insuring the uninsured, because a large proportion of higher Medicare expenditures observed for the previously uninsured cannot be avoided by insuring people earlier. As Bhattacharya points out (2), this may be particularly true if poor health caused them to be uninsured rather than lack of insurance causing them to have poor health. McWilliams and colleagues cannot adequately control for this reverse causation. The problem is exacerbated by their inclusion of persons from the Health and Retirement Study who acquired public insurance after 1992 but before age 65 years. Many adults who transition to public insurance before age 65 years probably had a health event that made them eligible for public insurance. This health event may have also caused them to be uninsured before obtaining public coverage. For example, persons who qualify for Medicare before age 65 years because of participation in Social Security Disability Insurance (SSDI) qualify only after a 24-month waiting period after SSDI entitlement. Because they must be too disabled to work to qualify for SSDI, many are uninsured during the waiting period (3). According to our estimates based on the authors' sample definitions, 25% of the “uninsured” transitioned to public insurance before age 65 years, as opposed to only 11% of the “insured.” Because disabled persons are more likely to use health care services and because their health characteristics are not adequately captured in the control variables, the authors' estimate includes spending that could not be avoided by insuring the uninsured. We calculate that the authors' estimate of the difference in Medicare spending between the uninsured and insured would decrease by 50% if persons who ever received public insurance before age 65 years were excluded from the sample. Unrealistic expectations about the cost of health reform could lead to early dissatisfaction with reform efforts and result in curtailment. The costs of insuring near-elderly persons who are uninsured are unlikely to be offset by substantial reductions in Medicare spending in persons older than 65 years.

References

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Potential Conflicts of Interest: None disclosed.

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