

## Medicare and the 2020 Election

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Now that the campaign for President appears to be down to two candidates, we need to address the health care questions that both will face. In this blog, we will talk about Medicare and in a later blog, we will talk about the public option.

A question which has faced not just these two individuals, President Trump and Presidential Candidate Biden, but has faced the country for the last 10-15 years, is the projected deficit in the Medicare program as it is now configured. In an attempt to respond to and ameliorate this deficit, various steps have been taken in the past which have delayed the impact of the deficit but have not eliminated it. Past steps that have been taken include the elimination of the cap on W-2 earnings for purposes of calculating the Medicare tax, the application of the Medicare tax to non-W-2 earnings for individuals whose taxable income is above a certain level, calculation of Medicare Part B monthly premiums based upon income (the higher the income, the higher the premium that needs to be paid by the beneficiary), and the attempt to both explicitly and implicitly limit the payments being made by the Medicare program for services provided to Medicare beneficiaries. The explicit attempt was the development of the Sustainable Growth Rate (SGR), which was never effectively implemented and ultimately repealed. The implicit attempt is ongoing and has resulted in the necessity for beneficiaries with private insurance to subsidize the care being provided to the Medicare (that's correct, not Medicaid, but Medicare) beneficiaries.

This "subsidy" by private insurance to health care providers to cover the costs of providing care to the Medicare beneficiaries is slowly having an impact on the care delivery system. It has resulted in a few prior Medicare providers now refusing to render care to Medicare patients in the non-hospital setting. It is also encouraging physicians only to take Medicare patients who have previously been their private patients when that individual had private insurance so that the continuity of care to those individuals is not being disrupted.

As this subsidy increases, it becomes more and more likely that fewer providers will be providing care to Medicare beneficiaries, to the extent that they can legally opt out.

The next issue raised in the campaign is the extension of the Medicare program proposed by Presidential Candidate Biden to individuals from the ages of 60-65. Unlike the Social Security program, which attempted to resolve its deficit problems by extending the retirement age from age 65 over a period of time to age 67, the proposal by Presidential Candidate Biden is the opposite and that is to reduce the eligibility age for Medicare from 65 to 60.

The questions that need to be answered are:

1. How much is it going to cost?
2. The proposal recognizes that the current Medicare program (currently facing a shortfall) cannot pay for the services provided to these new Medicare beneficiaries and proposes that the government pay the costs—which means the taxpayer. The question then is what changes will be made to the tax code and whose taxes will be increased—of course this raises the questions always associated with tax increases.
3. It appears that all aspects of the Medicare program – Parts A, B, C, and D – will be available to the age cohort 60 to 65. Will the copays, deductibles and premiums, as applied to current Medicare beneficiaries, be applicable to this cohort?
4. Will the same payments be made to the providers for care rendered to this cohort of new Medicare beneficiaries? Will this adversely impact the willingness of some providers to continue to participate in providing care to Medicare beneficiaries?

When answers to these questions become clear, to the extent that it does become clear, we will analyze these questions in a subsequent blog. Otherwise at this point in time, it is speculation as to the impact.

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