

WHAT'S AT STAKE

Raising the Medicare Eligibility Age



Over time, policy ideas gain and lose popularity, including several that threaten the effectiveness of major health care programs like Medicare, Medicaid, and the Affordable Care Act (ACA). In this series—What’s at Stake—we explore some of these reform ideas and how they could affect coverage, care, and outcomes for older adults and people with disabilities.

Medicare is a nearly universal program for people 65 and over and it also serves many younger people with disabilities, end-stage renal disease (ESRD), and amyotrophic lateral sclerosis (ALS). Some policymakers want to delay access to Medicare by raising the eligibility age from 65 to 67 or even 70.¹ This would disproportionately harm some who can least afford it, including people who work in physically demanding jobs and older adults of color.

The Proposals

Raising Medicare’s eligibility age from 65 to 67 or even later is sometimes defended by arguing that as Americans live longer and delay retirement, fewer will enroll in Medicare at age 65. While many Americans plan to work until age 65,² the ability to do so depends on an individual’s health status, employment prospects, and the job intensity, including the physical work environment and the job’s specific demands.³

Often, retirement happens sooner than workers expect. Retirees in 2023 reported a median retirement age of 61 in one survey⁴ and 62 in another.⁵ Nearly half said they left the workforce

¹ Aimee Picchi, “Republicans want to push Social Security, Medicare eligibility age to 70” (November 9, 2022), <https://www.cbsnews.com/news/social-security-medicare-republican-proposal-to-boost-eligibility-age-to-70/>.

² Employee Benefit Research Institute (EBRI), “2023 RCS Fact Sheet #2: Expectations about Retirement” (2023), https://www.ebri.org/docs/default-source/rcs/2023-rcs/rcs_23-fs-2.pdf?sfvrsn=708d392f_4.

³ Italo Lopez Garcia, “The Role of Physical Job Demands and the Physical Work Environment in Retirement Outcomes” (2021), <https://mrdrc.isr.umich.edu/publications/papers/pdf/wp437.pdf>.

⁴ Jeffrey M Jones, “More in U.S. Retiring, or Planning to Retire, Later” (July 22, 2022), <https://news.gallup.com/poll/394943/retiring-planning-retire-later.aspx>.

⁵ Employee Benefit Research Institute (EBRI), “2023 RCS Fact Sheet #2: Expectations about Retirement” (2023), https://www.ebri.org/docs/default-source/rcs/2023-rcs/rcs_23-fs-2.pdf?sfvrsn=708d392f_4.

earlier than anticipated, often due to unpredictable hardships such as health problems or disability.⁶ Women are especially likely to retire earlier than planned. One survey found that over 60% of women said they retired early, with two in three citing reasons outside their control.⁷ Overall, half of those who retire between 55 and 64 report doing so involuntarily, and rates are higher—over 60%—among Black and Hispanic workers.⁸

Potential Impacts

Increasing the Medicare eligibility age would be particularly punitive for those who perform manual labor.⁹ Machine operators, farm workers, and others with jobs that require rigorous physical activity are often unable to delay retirement.¹⁰ And diverse communities would be among the hardest hit. For older white workers, the percentage in physically demanding jobs is 26% for women and 30% for men; the number for Black workers increases to 41% and 48%, while the number for Hispanic workers increases to 43% and 47%.¹¹

People of color also tend to be in poorer health at earlier ages, making delays in coverage especially worrisome. For example, Black, Hispanic, and American Indian and Alaska Native adults are more likely to report fair or poor health status than their White counterparts.¹² This makes access to Medicare at the earliest possible age essential—if not life-saving—for diverse elders.

Cost Shifting Effects

Hiking the Medicare age would not reduce health care costs—it would merely shift them from the federal government onto beneficiaries, workers, employers, and states. Additional

⁶ Employee Benefit Research Institute (EBRI), “2023 RCS Fact Sheet #2: Expectations about Retirement” (2023), https://www.ebri.org/docs/default-source/rcs/2023-rcs/rcs_23-fs-2.pdf?sfvrsn=708d392f_4.

⁷ Goldman Sachs, “Retirement Survey & Insights Report 2022: Navigating the Financial Vortex—Women & Retirement Security” (2022), <https://www.gsam.com/content/dam/gsam/pdfs/common/en/public/articles/2022/am-gender-retirement-report-2022.pdf>.

⁸ Jessica Forden, et al., “Physically Demanding Jobs and Involuntary Retirement Worsen Retirement Insecurity” (November 1, 2022), <https://www.economicpolicyresearch.org/jobs-report/physically-demanding-jobs-and-involuntary-retirement-worsen-retirement-insecurity>.

⁹ Schwartz Center for Economic Policy Analysis, “Over Half of Low-Wage Older Workers Have Physically Demanding Jobs” (January 2017), <https://www.economicpolicyresearch.org/resource-library/research/december-2016-unemployment-report-for-workers-over-55>.

¹⁰ Jessica Forden, et al., “Physically Demanding Jobs and Involuntary Retirement Worsen Retirement Insecurity” (November 1, 2022), <https://www.economicpolicyresearch.org/jobs-report/physically-demanding-jobs-and-involuntary-retirement-worsen-retirement-insecurity>.

¹¹ Jessica Forden, et al., “Physically Demanding Jobs and Involuntary Retirement Worsen Retirement Insecurity” (November 1, 2022), <https://www.economicpolicyresearch.org/jobs-report/physically-demanding-jobs-and-involuntary-retirement-worsen-retirement-insecurity>.

¹² Nambi Ndugga, et al., “Key Data on Health and Health Care by Race and Ethnicity” (June 11, 2024), <https://www.kff.org/key-data-on-health-and-health-care-by-race-and-ethnicity/>.

expenses borne by these groups would more than offset any savings to the federal government, some estimates suggest by twice as much.¹³

Raising the eligibility age would curtail access to Medicare, forcing many older adults to either pay more—for other insurance or for services out-of-pocket—or go without care. This could lead to worse health and higher costs once they join Medicare,¹⁴ eroding program savings. They may also have to pay more for that coverage, as the absence of younger, healthier 65- and 66-year-olds in the Medicare risk pool would leave an older, sicker, and more expensive group for the federal government to insure. This could raise program costs, beneficiary premiums, and Medicare Advantage overpayments.¹⁵

Without Medicare, employers and workers would pick up some of the tab to insure 65- and 66-year-olds, at significant expense. One study projected an increase of \$3.7 billion in out-of-pocket costs for 65- and 66-year-olds, and \$4.5 billion in employer retiree health-care costs in one year alone.¹⁶

Unsurprisingly, raising the Medicare age is unpopular, with 70% of adults over 18 opposing or strongly opposing such a change.¹⁷

¹³ Paul N. Van de Water, “Raising Medicare’s Eligibility Age Would Increase Overall Health Spending and Shift Costs to Seniors, States, and Employers” (August 23, 2011), <https://www.cbpp.org/research/raising-medicares-eligibility-age-would-increase-overall-health-spending-and-shift-costs>.

¹⁴ Jack Hadley and Timothy Waidmann, “Health Insurance and Health at Age 65: Implications for Medical Care Spending on New Medicare Beneficiaries,” *Health Services Research*, 2006 Apr; 41(2): 429–451 (2006), <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1702516/>.

¹⁵ Paul N. Van de Water, “Raising Medicare’s Eligibility Age Would Increase Overall Health Spending and Shift Costs to Seniors, States, and Employers” (August 23, 2011), <https://www.cbpp.org/research/raising-medicares-eligibility-age-would-increase-overall-health-spending-and-shift-costs>.

¹⁶ KFF, “Raising the Age of Medicare Eligibility: A Fresh Look Following Implementation of Health Reform” (July 2011), <https://www.kff.org/medicare/report/raising-the-age-of-medicare-eligibility/>.

¹⁷ AP & NORC at the University of Chicago, “The March 2023 AP-NORC Center Poll” (last visited January 22, 2024), https://apnorc.org/wp-content/uploads/2023/04/APNORC_Mar2023_Topline_SocSec.pdf.