

# State *Of the* State Survey

***Curbing the Growth  
of Medicare: Opinions  
of Michigianians***

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*Briefing Paper No. 97-21*

# ***Curbing the Growth of Medicare: Opinions of Michigianians***

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## BACKGROUND

Among the best publicized issues in last year's presidential campaign were the proposals to curtail the growth of Medicare spending. This issue moved to the forefront primarily due to dismal reports that the Medicare trust fund faces insolvency by the year 2002 and increasing awareness of the impact Medicare Part B has on the national debt. Proposals from both Democrats and Republicans generated significant concern among the public. Overall, the discussions surrounding these proposals were characterized by accusations, claims and counter-claims, but were generally devoid of any specific financing or structural reform.

Subsequent to the election, President Clinton called for a bi-partisan commission to recommend viable strategies for restructuring Medicare. Proposed changes in the program include shifting beneficiaries from a fee-for-service model into managed care organizations, decreasing payments to providers, establishing medical saving accounts (MSAs), and increasing contributions from beneficiaries. Transforming the Medicare program will undoubtedly represent major challenges for both the president and congress, however, given its long-standing support by the general public and the significant political risks involved. Still, decisions regarding Medicare reform are likely to have a minimal impact on the current population of older adults, but a profound impact in the next 15 years as the cohort of baby boomers reaches age 65.

## THE SURVEY

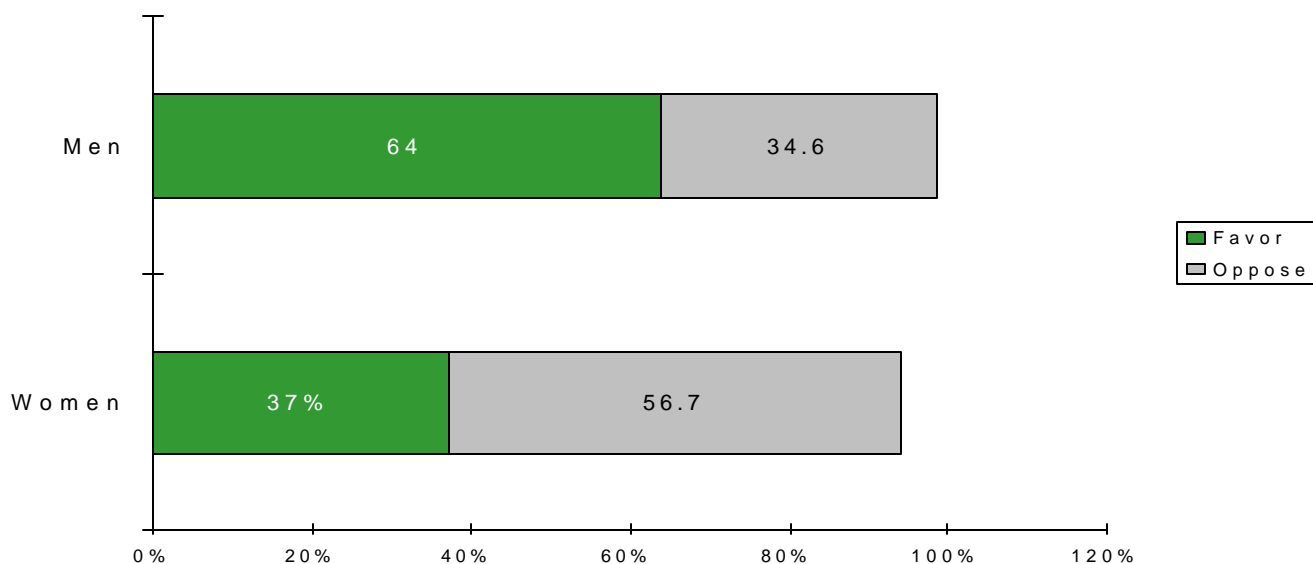
A telephone survey of 953 adult residents in the state of Michigan was conducted by Michigan State University's Institute for Public Policy and Social Research between October 4 and October 28, 1996. It was the ninth quarterly MSU State of the State Survey (SOSS). It focused on the 1996 presidential election, Medicare, and drunk driving enforcement. The overall sampling error is  $\pm 3.2\%$ . All of the statistical relationships in this report fall beyond the range of sampling error.

The sample was designed to provide representative information for respondents from major regions of the state: Detroit City, Southeast Michigan (excluding Detroit), Southwest Michigan, Central Michigan (West and East), northern Lower Michigan, and the Upper Peninsula. *(See attached information sheet for a list of the counties included in each region.)* The data reported here are weighted to make the results representative of the adult population of Michigan.

## KEY FINDINGS

- **Two-thirds of men but only one-third of women want to curb Medicare's growth. As Figure 1 shows, men are significantly more likely than women to favor slowing the growth of Medicare. Approximately two-thirds of men (64%) favor curbing Medicare's growth and only one-third (35%) are opposed. However, the majority of women (57%) oppose slowing Medicare's growth and only slightly more than one-third (37%) favor these efforts. (Question 1 — *exact question wording is given below.*) These gender differences remain even after controlling for race, age, and education: In this case men are nearly three times more likely to favor slowing growth than women.**

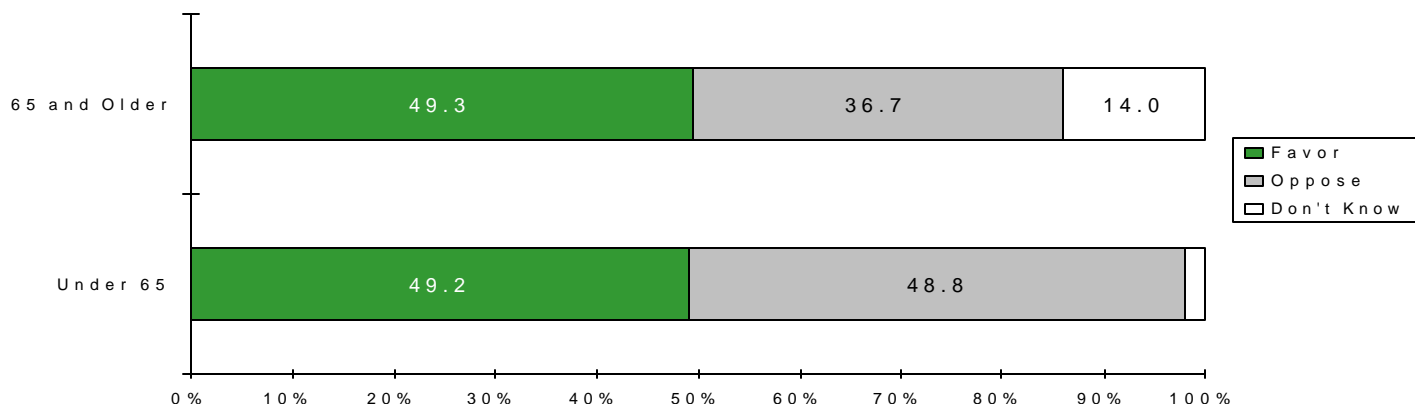
**Figure 1. Percentage Who favor Curbing Medicare's Growth (by Gender)**



- Half of both younger and older Michigan residents want to curb Medicare's growth, but proportionately more people under age 65 *oppose* this. Equal proportions of young and older Michigianians (49%) favor slowing the growth of Medicare, as shown in Figure 2. However, people over age 65 are significantly less likely to *oppose* slowing Medicare's growth. Approximately 37% of older residents oppose curbing Medicare, compared to 49% of younger residents.**

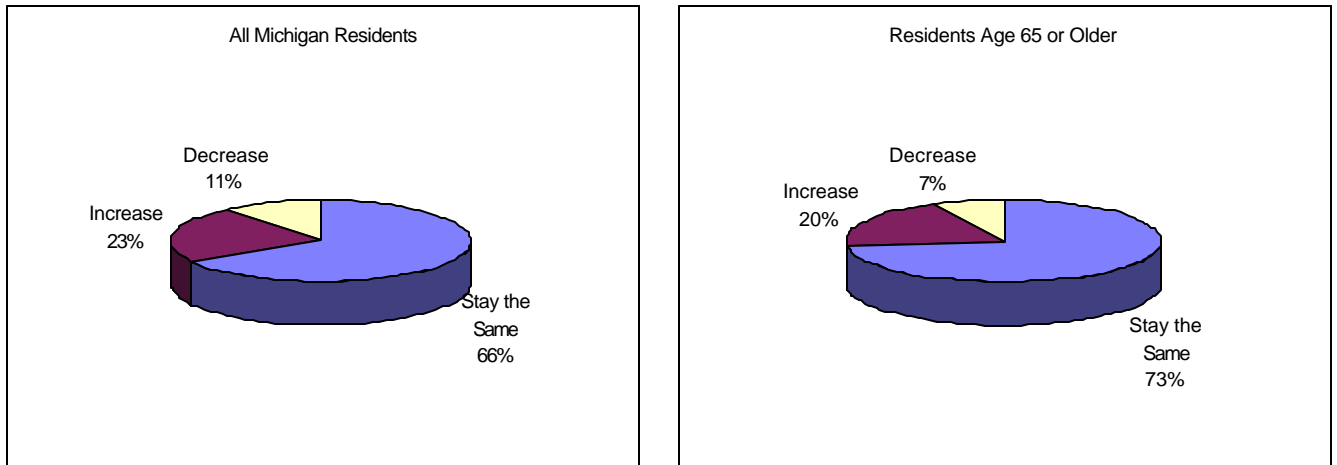
**Findings also indicate some confusion among older people. That is, substantial numbers of older people (14%) responded "don't know" to the question regarding slowing Medicare's growth, while only a small percentage of younger persons (2%) did. These results may suggest general confusion, especially in light of all the campaign efforts targeted at older voters, but may also be indicative of conflicted views about the Medicare program. Older people may realize that long-term program solvency is tied to scaling back costs, yet recognize their substantial dependency on the program as it currently stands.**

**Figure 2. Percentage Who favor Curbing Medicare's Growth (by Age Group)**



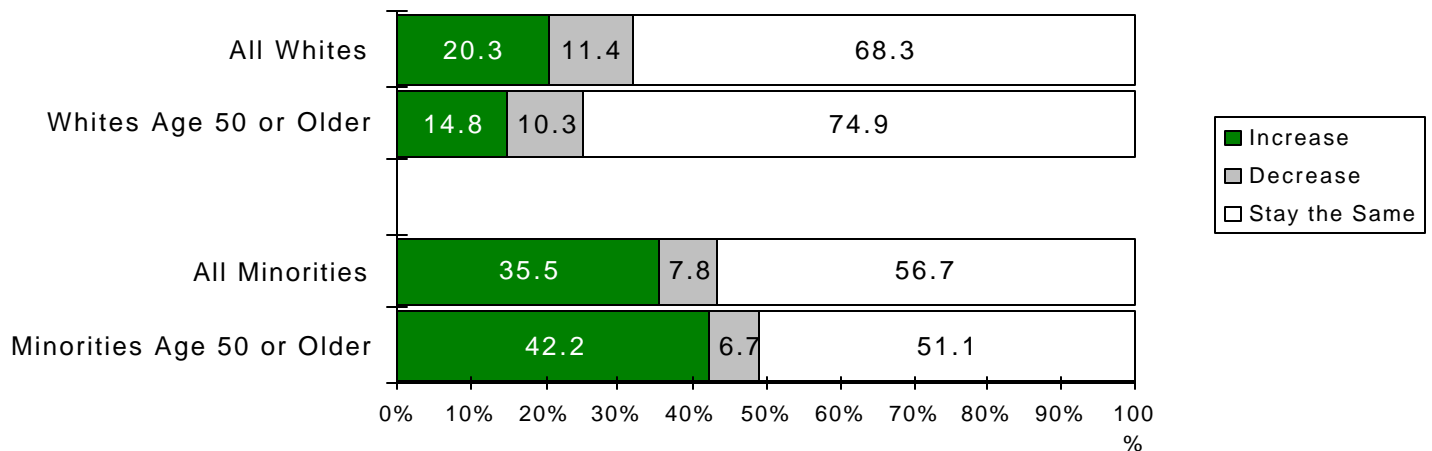
- Overall, Michigianians want contributions from beneficiaries to stay the same. Two-thirds of residents do not want to see out-of-pocket costs for Medicare beneficiaries increase or decrease. (See Figure 3; Q.2). Still, nearly one-quarter (23%) feel that beneficiaries should contribute more financially, while only 11% feel that these contributions should be decreased. The Medicare beneficiaries themselves, namely older adults, are only slightly more likely than younger adults to want to maintain contributions at the current rate or to favor decreases.

**Figure 3. Percentage Who Favor Increasing, Decreasing, and Not Changing Contributions to Medicare**



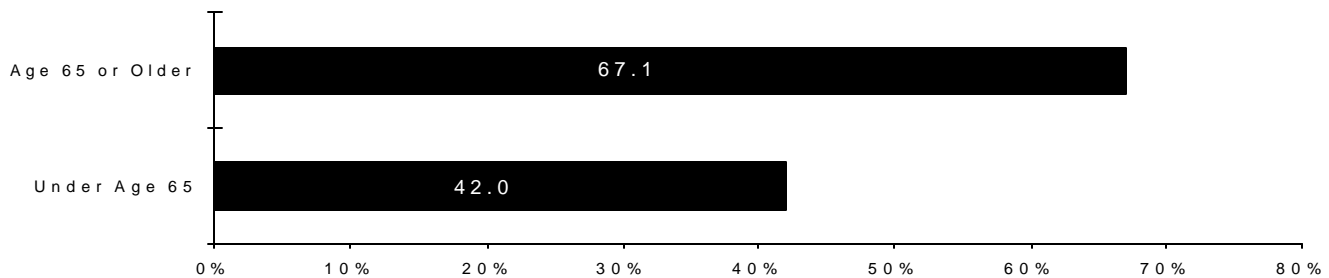
- Whites differ significantly from minorities, however, in how they view beneficiary contributions, as Figure 4 shows. More than one-third (36%) of minority residents prefer increasing contributions, compared to only one-fifth of whites. This racial difference is even stronger among people over age 50. Given the lower life expectancy for minorities, we speculate that they have this preference because they are less likely to see themselves as benefiting from the Medicare program in the future, and thus prefer shifting more of the program costs to the current beneficiaries.

**Figure 4. Percentage Who Favor Increasing, Decreasing, and Not Changing Contributions to Medicare (by Racial Group and Age)**



- **Older adults perceive themselves to be significantly more informed about current proposals to restructure Medicare than other age groups. When asked how well they understand the various Democratic and Republican proposals to reform Medicare, two-thirds of the respondents (67%) over age 65 claim to be “very informed” or “somewhat informed,” compared to only 42% of younger respondents (Figure 5; Q.3). Even when we control for other factors, such as education, gender and race, people over age 65 are three times more likely to consider themselves informed about Medicare proposals than middle-aged and younger adults. These results are expected given the intense campaign efforts directed at older adults, as well as the older persons’ obvious self-interests.**

Figure 5. Percentage Who Consider Themselves Informed about Proposals to restructure Medicare



## DISCUSSION

Despite the flurry of campaign rhetoric devoted toward reforming and therefore saving Medicare, Michigan’s general public does not have a consensus on what to do. Those individuals who have the most at stake, namely people over age 65, seem to be more informed about current proposals than other age groups, yet also appear to be conflicted as well as confused about what direction these reforms should take.

Although few detailed proposals have emerged, public opinion regarding Medicare seems to be divided along generational, gender, and (to a lesser extent) racial lines. As the likelihood and specificity of reform increases, it is almost certain that the differences and instability in these views will also increase. Consequently, President Clinton’s recently appointed health care commission is likely to face a difficult challenge ahead in its recommendation for necessary, yet publicly acceptable, solutions for curtailing Medicare’s growth.

## SURVEY QUESTIONS

**NOTE:** The full wording of questions for the items discussed in this briefing paper is given below. The order of questions conforms with the order of the bulleted items above. These questions consumed about one minute of the 24-minute interview.

Q.1. Do you favor or oppose slowing the growth in Medicare spending?

Q.2. Should the contributions to Medicare by those who are covered by it be increased, decreased, or stay about the same?

Q.3. Various political leaders and the two major political parties (the Republicans and Democrats) have proposed plans to slow the growth in Medicare spending. Overall, would you say you are very informed, somewhat informed, somewhat uninformed, or very uninformed about these proposals?