

Medicare Early Access Act of 2005

The Medicare Early Access Act is a new, improved, and simplified version of previous legislation giving early retirees and others between ages 55 and 64 the option of purchasing Medicare coverage. Millions of near elderly who are uninsured can benefit from a Medicare buy-in. This bill provides affordable health insurance to a vulnerable population, while protecting solvency of the Medicare Trust Fund.

ELIGIBILITY

Starting January 2006, individuals age 55-64 who have no insurance under another public or group health plan are eligible to purchase Medicare as their health insurance. Enrollees will receive the full range of Medicare benefits. Participants are not required to exhaust employer-based COBRA coverage before choosing the Medicare buy-in option. At age 65, buy-in participants move into regular Medicare.

In addition, because employers are dropping retiree health benefits at an alarming rate, early retirees who have access to retiree health coverage may also participate, and their employers can wrap around the Medicare benefit.

PREMIUMS

Enrollees must pay a premium to receive Medicare coverage. The premium will be set by the Centers for Medicare and Medicaid Services at the actuarial level necessary to cover the full cost of services provided. The premium will be adjusted annually to ensure its accuracy. Premiums will also differ slightly by region to reflect geographic differences in healthcare costs.

TAX CREDIT

Enrollees receive a 75% refundable, advanceable tax credit to offset premium costs. Thus, participants in the Medicare buy-in are only personally responsible for their 25% share of the monthly premiums. The tax credit is modeled on the payment mechanism created by the Trade Adjustment Assistance (TAA) health care tax credit for displaced workers, enacted by Congress in 2002.

FINANCING

Participant premiums and tax credits are transferred to the Early Access Trust Fund to pay for Medicare services, ensuring this new program does not financially affect Medicare.