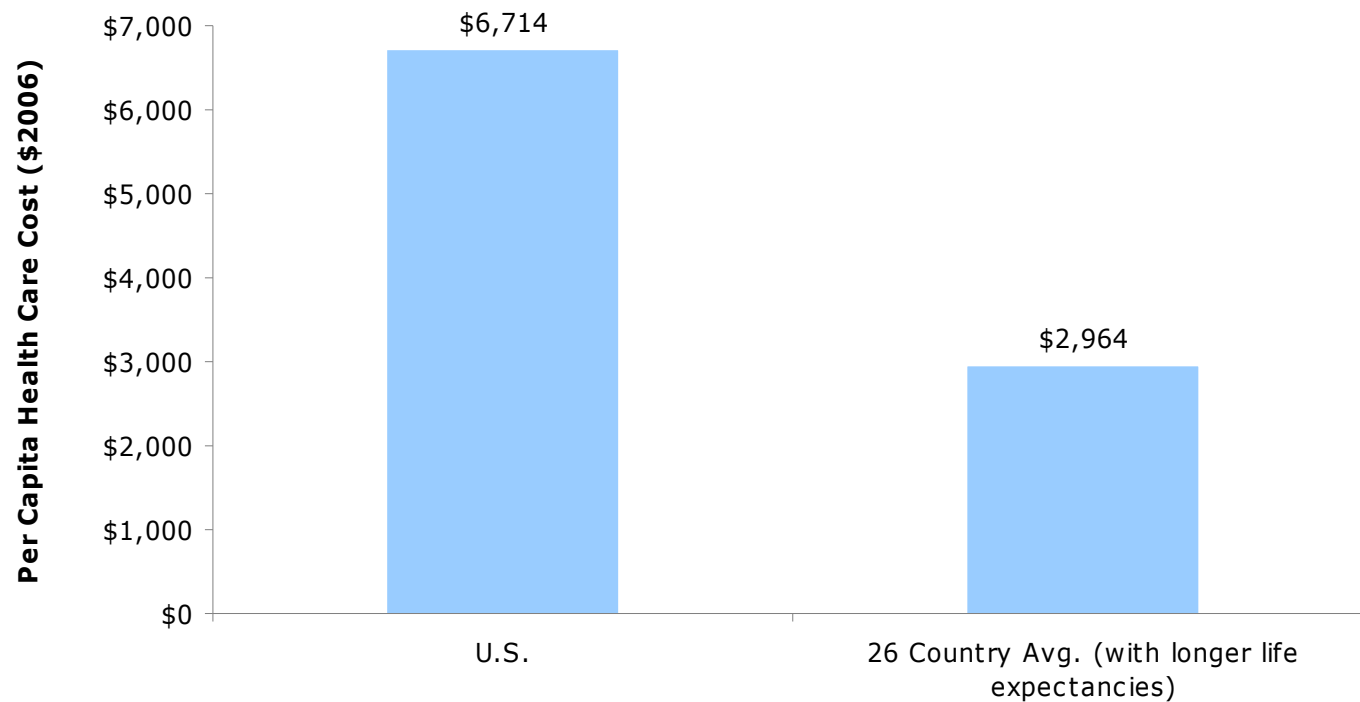


# **The Gains from Globalized Medicare and Medicaid**

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# Enormous Gap in Costs Between U.S. and Other Wealthy Countries



Source: World Health Organization, 2006

# Basics for Globalized Medicare Voucher

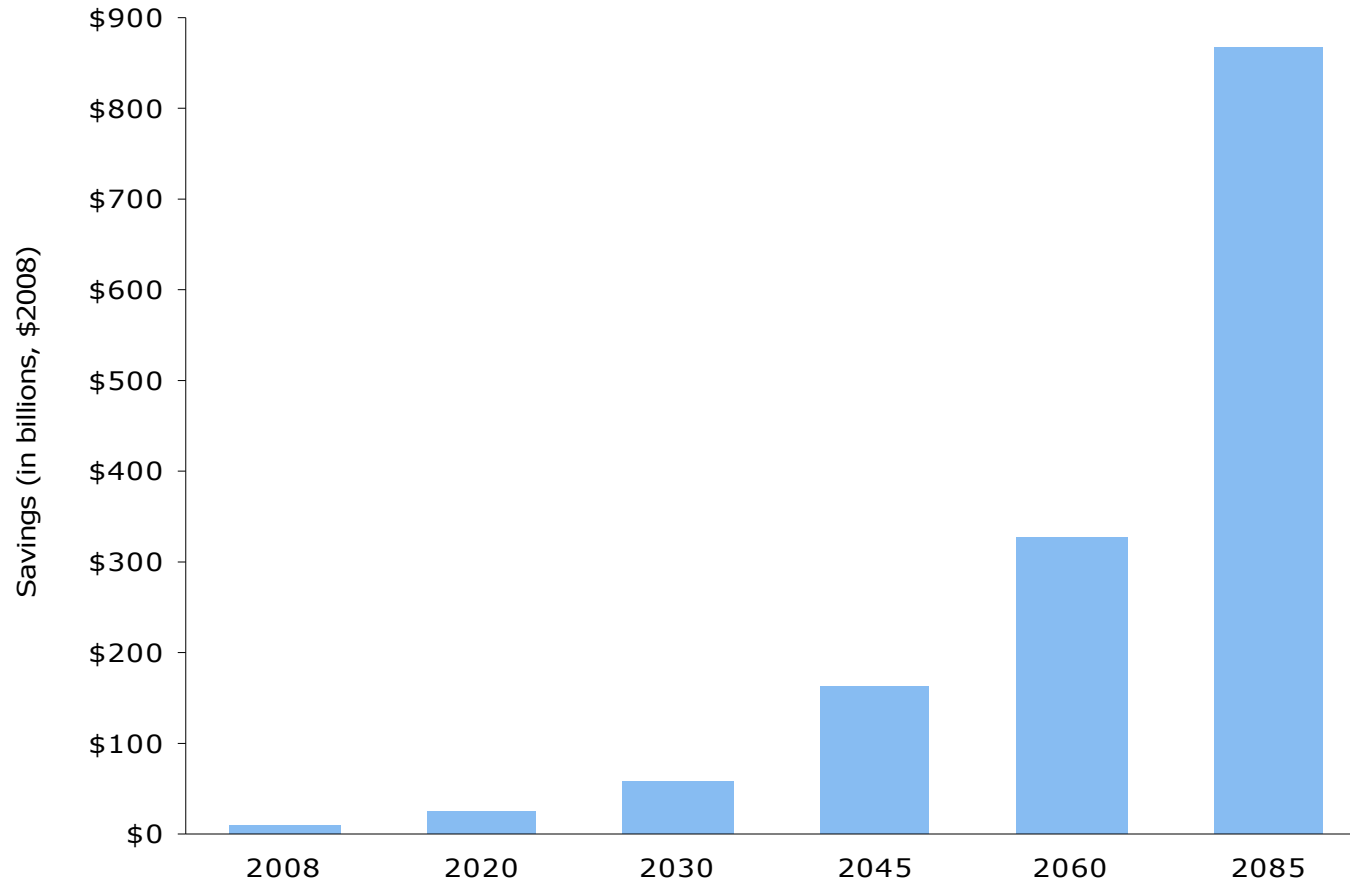
- a) Voucher can be used to into health care system of any country with longer expectancy than the United States.
- b) Value is set at the mid-point between the cost of Medicare in the U.S. and the average per capita cost of health care in countries with longer life expectancies.
- c) U.S. negotiates per person buy-in payment (assumed 10 percent premium).
- d) Beneficiaries keep difference between voucher value and country costs.

## U.S. Government Savings on Medicare Spending per Beneficiary, Age 65+ (2008 dollars)

Year	Cost in US	Cost Elsewhere (26-country avg.)	Voucher	Savings
2008	\$8,642	\$6,769	\$7,705	\$937
2020	\$12,931	\$9,631	\$11,281	\$1,650
2030	\$18,573	\$12,869	\$15,721	\$2,852
2045	\$33,789	\$19,461	\$26,625	\$7,164
2060	\$53,304	\$28,615	\$40,959	\$12,344
2085	\$108,251	\$52,340	\$80,296	\$27,956

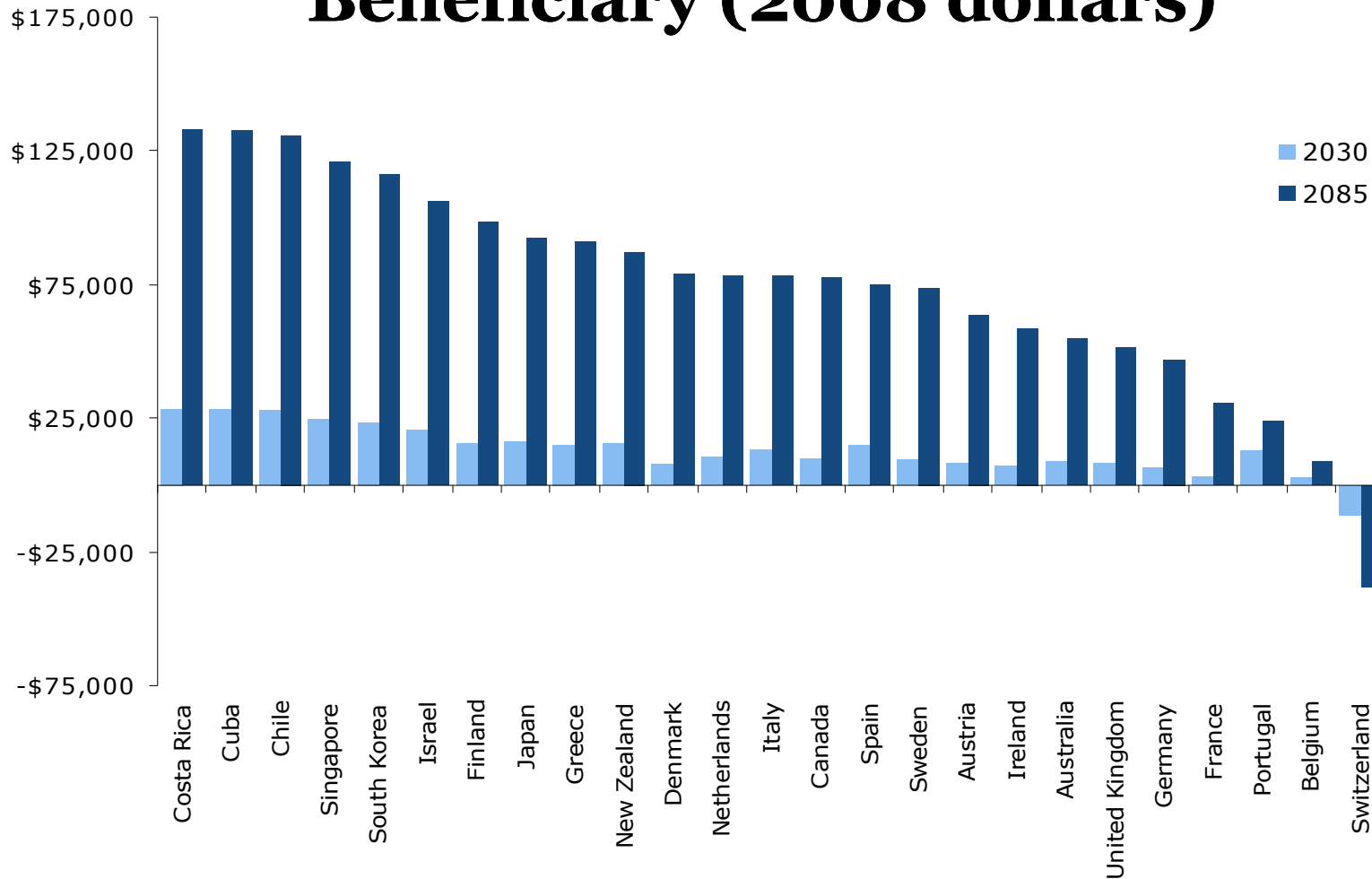
Source: Baker and Rho, 2009

# U.S. Government Savings in Medicare Spending, 30 Percent Participation Rate (2008 dollars)



Source: Baker and Rho, 2009

# Gains to Seniors, Per Medicare Beneficiary (2008 dollars)



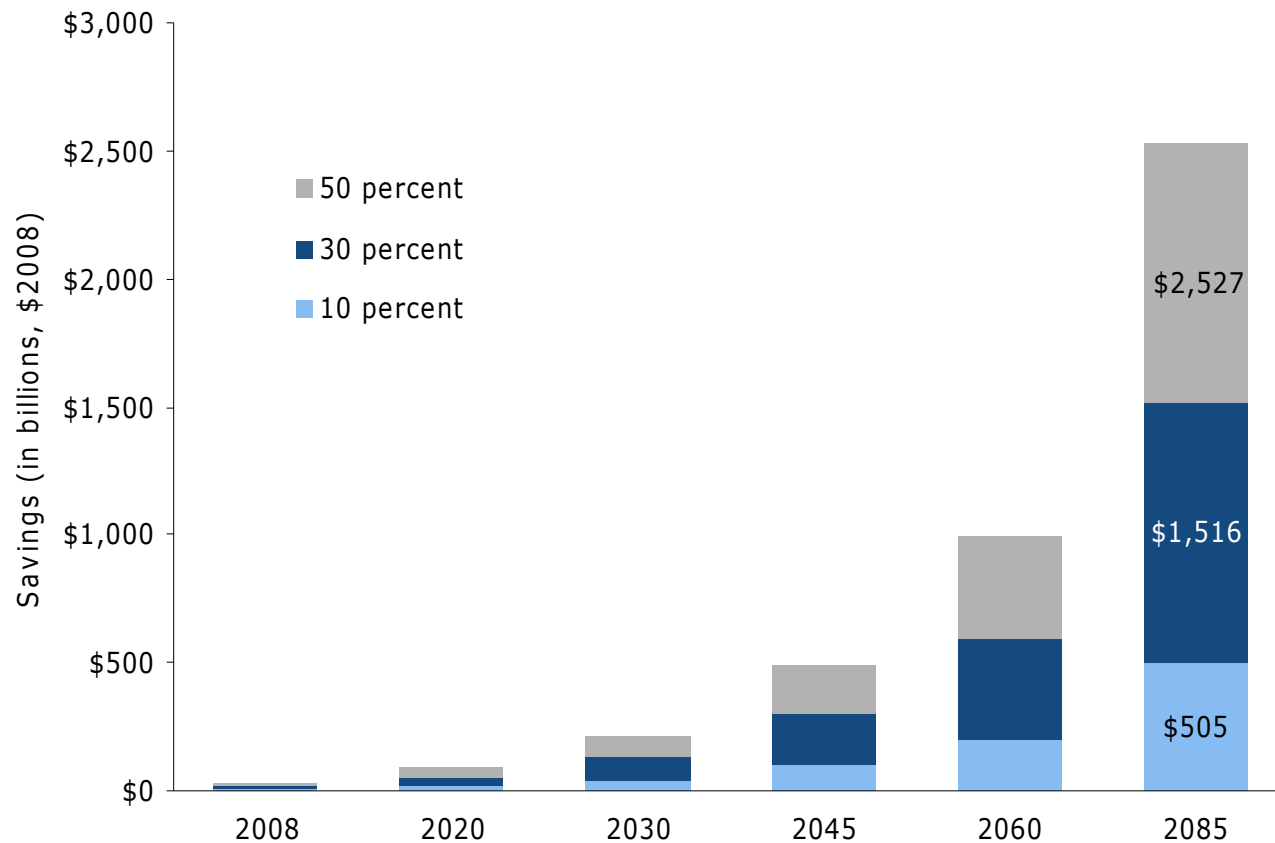
Source: Baker and Rho, 2009

## Annual U.S. Government Savings (Federal and State) on Medicaid, per Beneficiary, Age 65+ (2008 dollars)

Year	Medicaid cost in US	Voucher	Savings on Medicaid	Savings on Dual Eligibles
2008	\$14,607	\$7,303	\$7,303	\$8,240
2020	\$20,842	\$10,421	\$10,421	\$12,071
2030	\$28,039	\$14,019	\$14,019	\$16,871
2045	\$44,501	\$22,250	\$22,250	\$29,415
2060	\$60,740	\$30,370	\$30,370	\$42,714
2085	\$99,650	\$49,825	\$49,825	\$77,781

Source: Baker and Rho, 2009

# U.S. Federal and State Government Savings on Medicare and Medicaid Spending, based on Participation Rates of Dual Eligibles (2008 dollars)



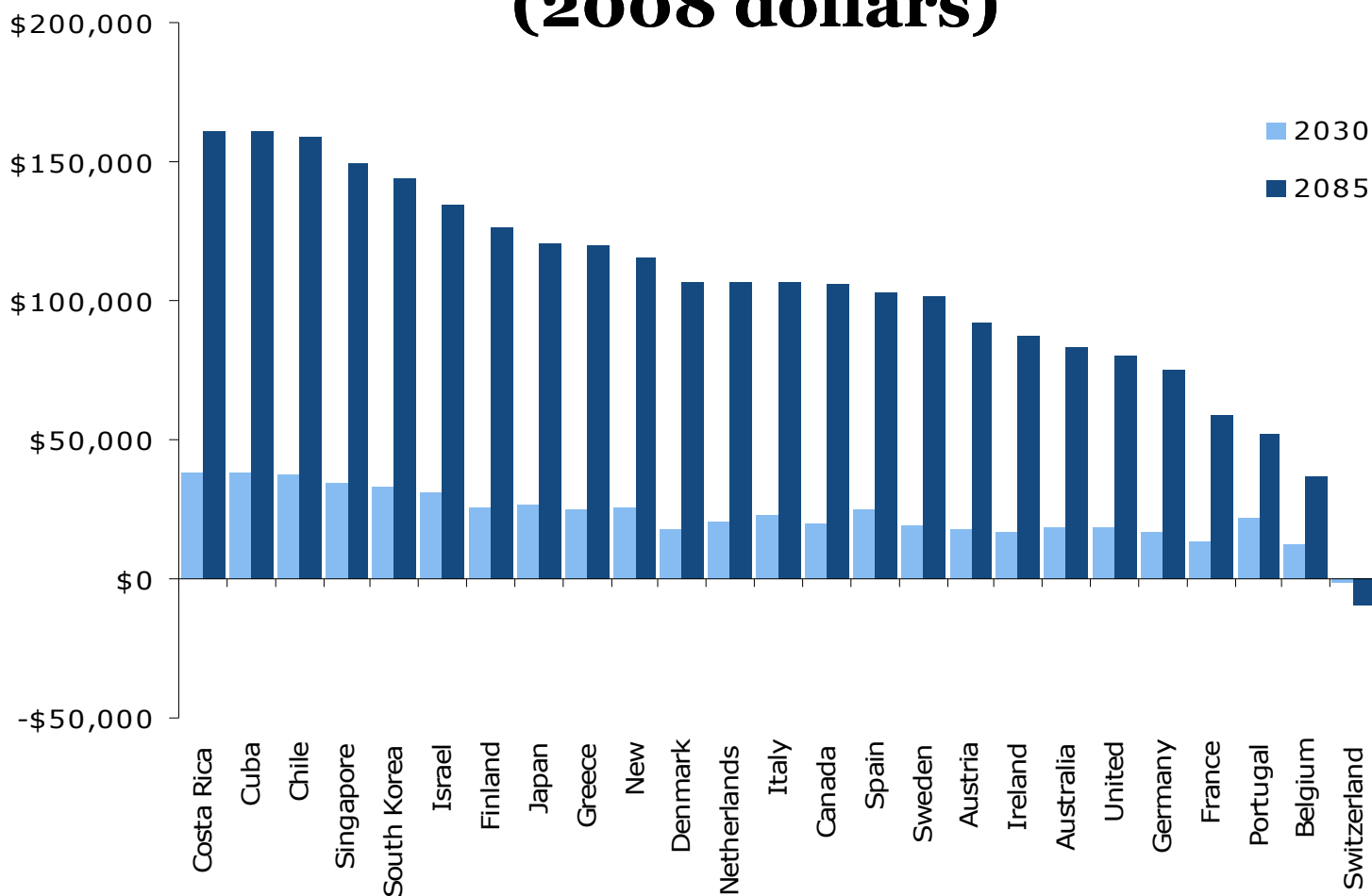
Source: Baker and Rho, 2009

## Annual U.S. State Government Savings on Medicare and Medicaid Spending, by Participation Rates of Dual Eligibles (2008 dollars)

Year	10 percent	30 percent	50 percent
2008	\$1.4	\$4.3	\$7.2
2020	\$2.9	\$8.6	\$14.3
2030	\$5.0	\$15.1	\$25.1
2045	\$8.8	\$26.3	\$43.9
2060	\$14.1	\$42.2	\$70.3
2085	\$27.0	\$80.9	\$134.8

Source: Baker and Rho, 2009

# Annual Gains Per Dual Eligible Beneficiary, 2030 and 2085 (2008 dollars)



Source: Baker and Rho, 2009

# Conclusion

- a) The potential gains from globalized Medicare and Medicaid are large by any standard.
- b) Globalized Medicare and Medicaid can solve most of the projected future budget problem.
- c) Globalized Medicare and Medicaid can allow beneficiaries to enjoy much more prosperous retirements.