

Medicare for Americans Abroad: A Statement for Organizing for America

By Paul Crist, President, Americans for Medicare in Mexico, A.C.

President Obama's health care reform agenda includes a number of important goals, including affordable health care for all Americans, lower cost healthcare with improved outcomes, and a system that is fair for all Americans.

So far absent in this discussion is the approximately 6 million Americans residing outside of the United States. There are a number of reasons that health care services for this population ought to be part of the current debate.

While many Americans working abroad are covered by their U.S. employers or by national health care schemes that provide universal coverage in many countries, American seniors residing abroad are the group most left out of health coverage. Many pay out of pocket, or forego care.

American seniors retire abroad for many reasons. Temperate climate is often part of the equation, but very often, lower cost of living outside of the U.S. is a deciding factor. The average cost of living in Mexico for a comparable lifestyle is about 43% lower than the U.S. for example. Seniors with limited means can live reasonably well on a modest pension or Social Security. According to one study, the median household income for American expat seniors living in Mexico is \$35,000. In the U.S. that wouldn't go very far.

But why include American seniors living abroad in the health care debate?

Cost savings is a compelling argument. Again using Mexico as an example, health care costs only 35% on average compared to the same care in the U.S. Surveys of expats in Mexico indicate both very high satisfaction with the quality of care, and broad agreement on the much lower cost. These same surveys indicate that 64% of seniors in Mexico either have, or would, travel back to the U.S. for a serious health issue such as that requiring hospitalization. The reason is coverage.

Seniors in Mexico overwhelmingly pay out-of-pocket for doctor visits, prescription medicines, and laboratory analyses. Even at reduced prices, we know from experience that a portion of health services consumers will delay or forego care when coverage is lacking. This failure to obtain preventive care, early diagnosis, and wellness assistance tends to lead to more serious, and more costly care later...the kind of care that 64% are traveling back to the States for. At least some of that high-cost care could be eliminated if there were better primary care coverage for these seniors in Mexico, where they live.

Of course, at an average 35% of U.S. costs, health services for seniors could be provided in Mexico at a very substantial savings over that same service in the U.S. But let's assume that administrative costs for providing Medicare for eligible seniors in Mexico drove prices up to 50% of U.S. levels. If you assume a current 64% utilization rate and that if Medicare covered seniors in Mexico they would increase utilization to 100% (reasonable, since coverage would be available without the need to travel), you'd still come up with a Medicare cost-savings of over 20%. I know of no other Medicare proposal that saves 20% of Program costs.

Of course, the savings would differ among different countries, but since U.S. spending on health care is about 1/3 more than the next-most-expensive country, it seems that Medicare coverage for seniors abroad could produce savings almost anywhere.

There is also a fairness issue in this debate. Seniors retired abroad, and their U.S. employers, have paid into the Medicare Trust Fund during their working years. In Mexico, the average retiree has paid into Medicare for 31 years, yet do not have easy access to health care because they live abroad (often for economic reasons).

Americans for Medicare in Mexico, A.C. (AMMAC) is a legally constituted Mexican non-profit organization dedicated to bringing Medicare coverage to eligible seniors living in Mexico. AMMAC is working to bring together the people, organizations, expertise, and resources necessary to promote and attain U.S. Congressional authorization for a Demonstration Project for Medicare in Mexico.

Demonstration Projects are the limited-scale experiments that Medicare undertakes to test innovations in Medicare Program design. Demonstration Projects are aimed at reducing costs, improving health outcomes, increasing Program efficiency, or decreasing bureaucracy and streamlining administration. Medicare does not make large Program changes without first conducting a Demonstration Project.

Medicare legislation provides authorization for Demonstration Projects to be developed and implemented within the U.S., but not in foreign countries. Congressional authorization and waivers of a number of provisions in the Medicare legislation will be required in order to implement a Demonstration Project for seniors living in Mexico.

We believe that a Demonstration Project for Medicare in Mexico will prove to be successful on a number of levels.

1. Medicare Program savings will result, thanks to significantly lower health care costs in Mexico.
2. Improved health outcomes for seniors living in Mexico, who are likely to access care earlier when symptoms arise, and to have more frequent preventive examinations and care.
3. Stimulate and enhance improvements already underway in certain sectors of the Mexican health provider industry.
4. Provide Medicare administrators with valuable information on how best to manage coverage for eligible beneficiaries in other countries.

Because Mexico shares a border with the U.S., because the weather is temperate year round, and because the cost-of-living is affordable, Mexico has a very large population of expat seniors, estimated at over 200,000 full-time and part-time residents. This makes Mexico an excellent laboratory for Medicare to study the provision of quality, lower-cost care abroad.

It is time to bring ALL Americans into the health reform debate, including Americans who live abroad. We CAN cover all Americans affordably, wherever they live. A Medicare Demonstration Project in Mexico would be a good place to prove that case.

Paul Crist is an economist, small business owner, and political activist living in Puerto Vallarta, Mexico and Washington, DC. He is the founder and President of two Mexican non-profit organizations dedicated to health care issues. Vallarta Enfrenta el SIDA, A.C. (Vallarta Confronts AIDS) provides free testing, counseling, education, outreach, and medical assistance for vulnerable and marginalized populations and communities in the Puerto Vallarta region. Americans for Medicare in Mexico, A.C. is working to bring Medicare coverage to eligible seniors living in Mexico. He also serves on the national Executive Committee for Democrats Abroad Mexico (an affiliate of the Democratic Party Committee Abroad, a DNC state committee); publishes the Mexico Democrats' Newsletter & Journal; and works with organizations supporting equality and fairness for LGBT Americans and for fair and comprehensive immigration reform in the U.S. He holds an MA in International Economics from the Johns Hopkins School of Advanced International Studies.