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# **Premium Rebates And The Quiet Consensus On Market Reform For Medicare**

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## **ABSTRACT**

Premium rebates allow beneficiaries who choose more efficient Medicare options to receive cash rebates, rather than extra benefits. That simple idea has been controversial. Without fanfare, however, premium rebates have become a key area of agreement in the debate on Medicare reform. Moreover, in legislation in late 2000, it became official policy: Medicare + Choice plans will be allowed to offer rebates beginning in 2003. This paper explores the economic rationale for premium rebates, provides a historical perspective on the rebate debate, discusses some of the implementation issues that need to be addressed before 2003, and reviews the implications of premium rebates for current legislative proposals for Medicare reform.