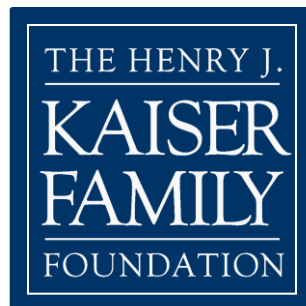


MEDICARE: The Basics and Future Outlook

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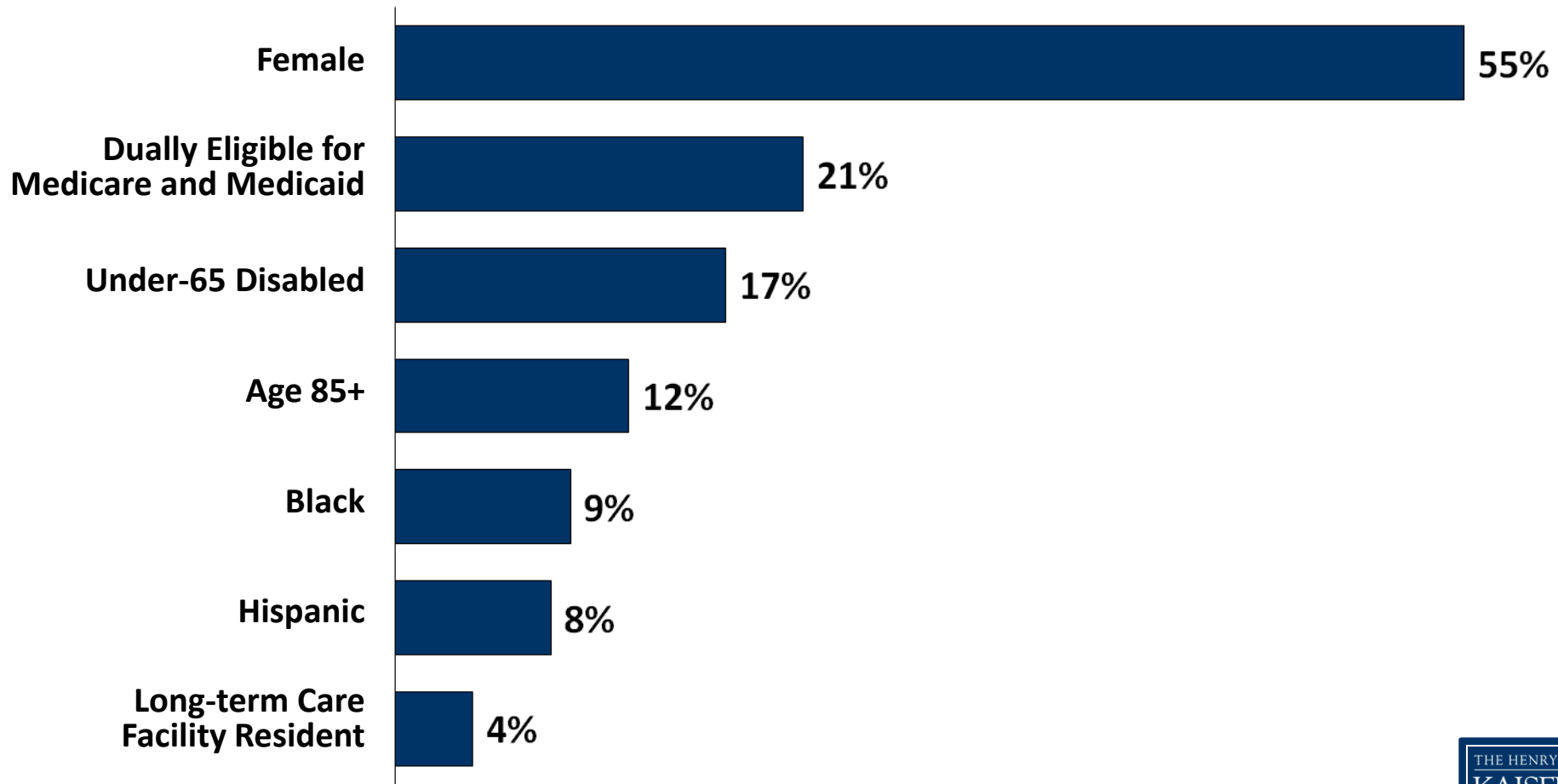
Presentation to NASI Academy for Interns 2012



Characteristics of the Medicare Population

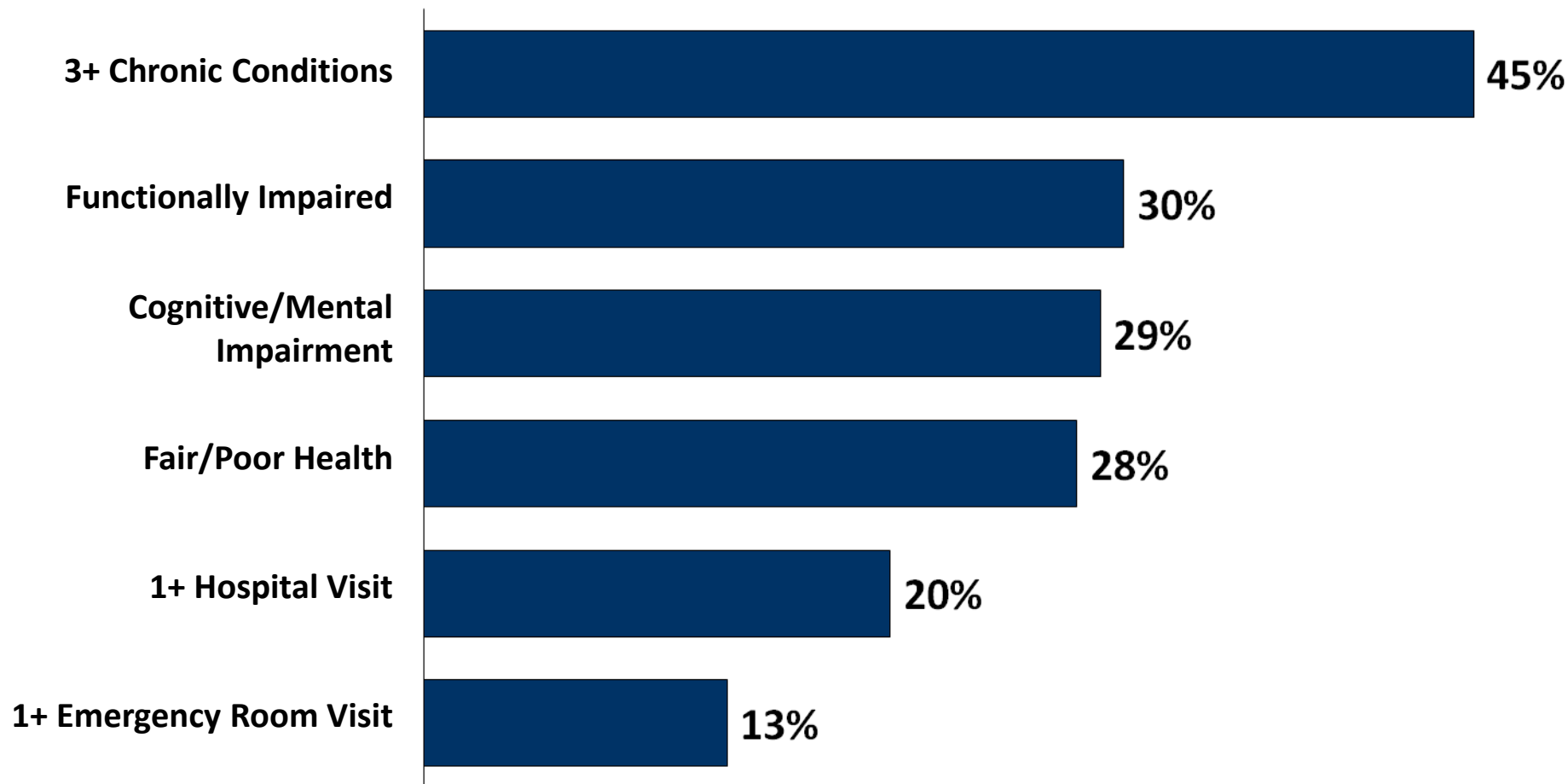
50 Million Medicare Beneficiaries, 2012

Percent of total Medicare population:



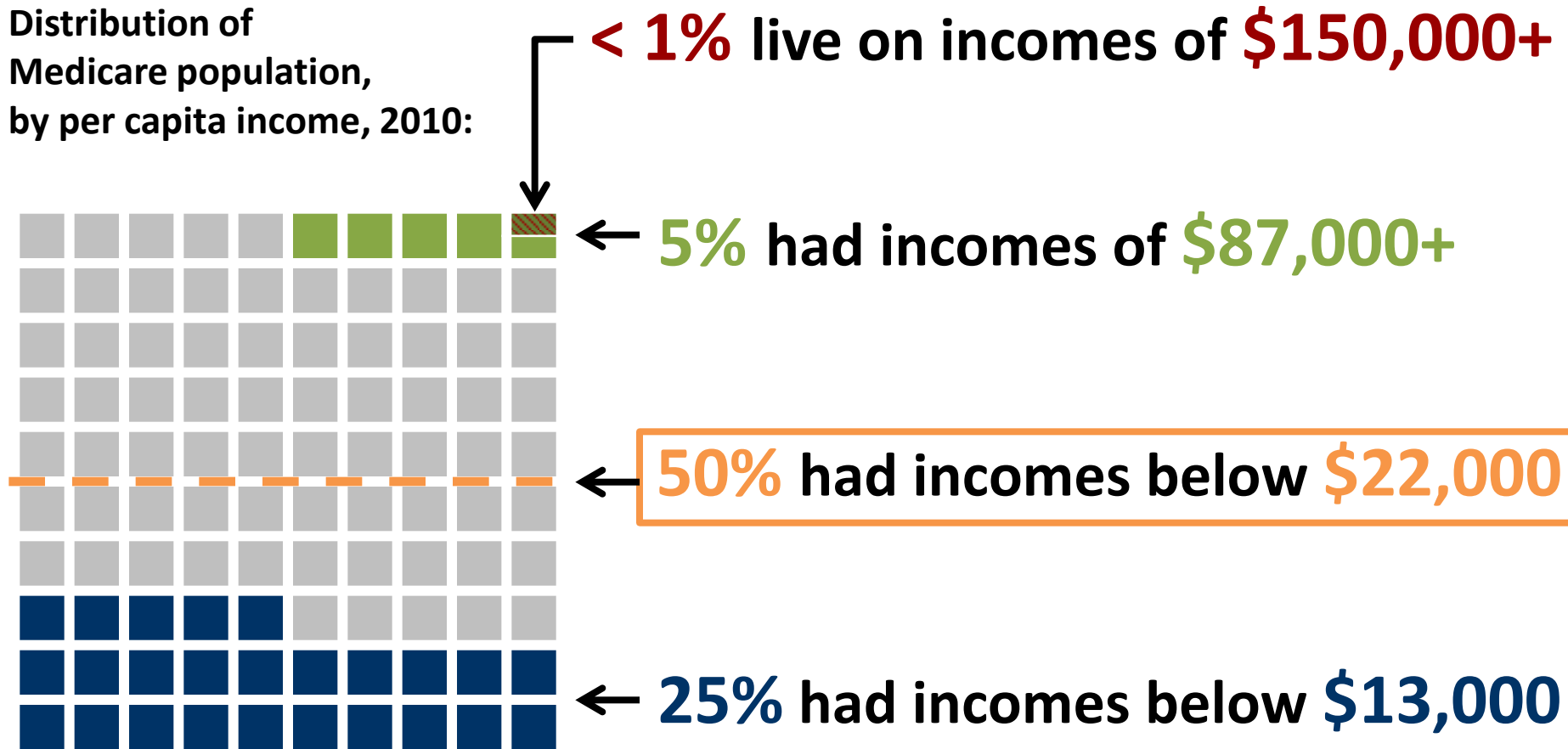
Health Status of the Medicare Population

Percent of total Medicare population:



Distribution of Medicare Beneficiaries' Incomes, 2010

Distribution of Medicare population, by per capita income, 2010:

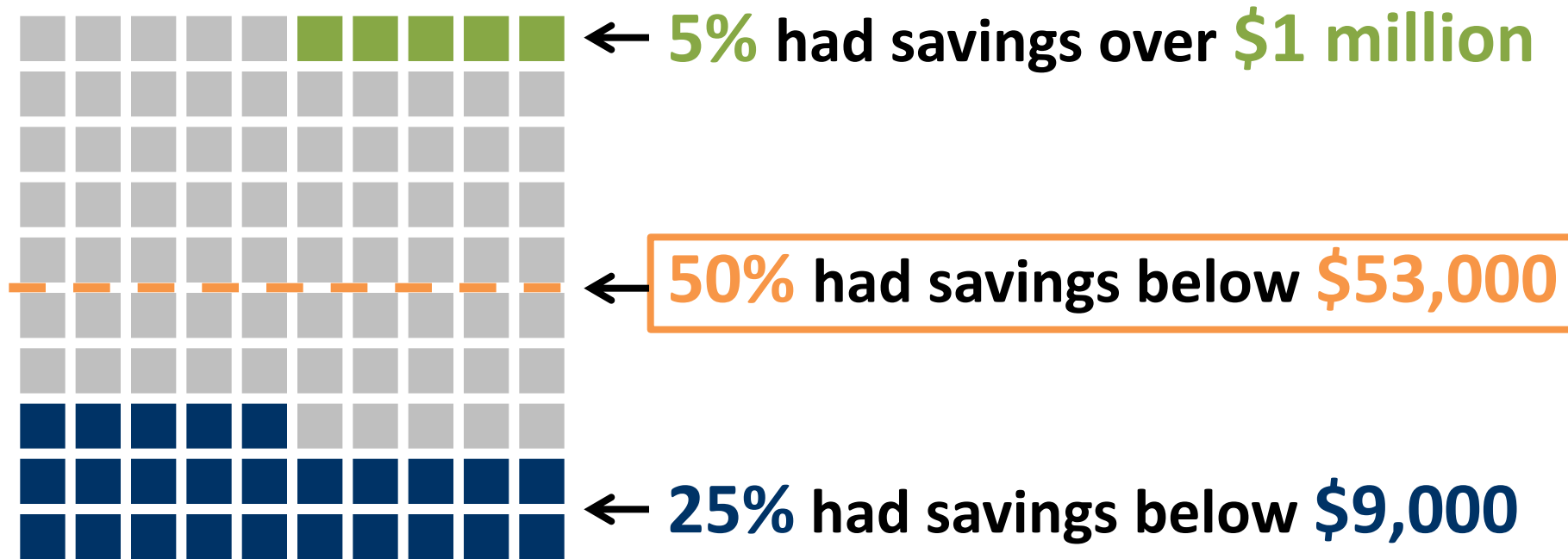


NOTE: Total household income for couples is split equally between husbands and wives to estimate income for married beneficiaries.

SOURCE: Kaiser Family Foundation, "Projecting Income and Assets: What Might the Future Hold for the Next Generation of Medicare Beneficiaries?" June 2011.

Distribution of Medicare Beneficiaries' Savings, 2010

Distribution of
Medicare population,
by per capita savings, 2010:

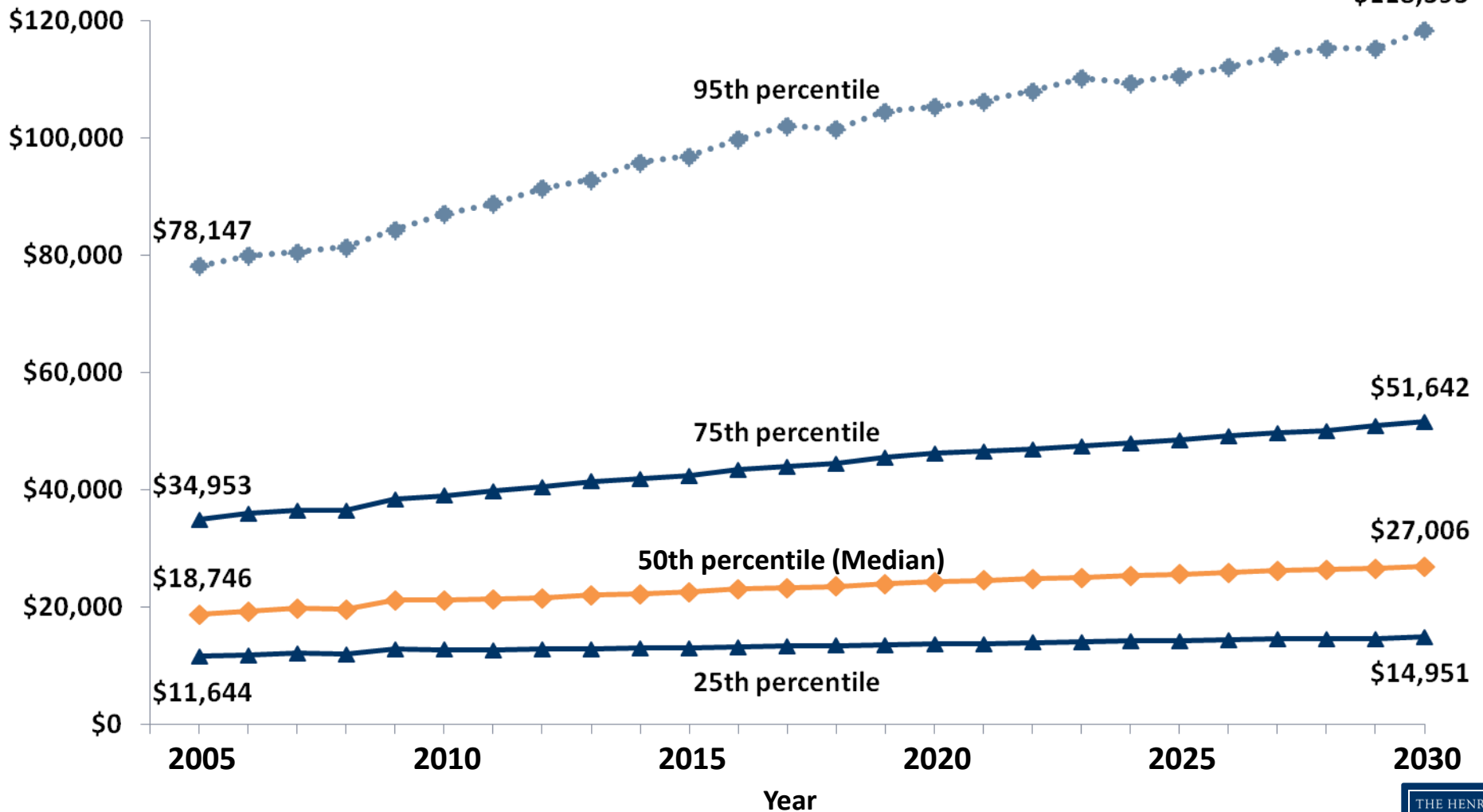


NOTE: Total household income for couples is split equally between husbands and wives to estimate income for married beneficiaries.

SOURCE: Kaiser Family Foundation, "Projecting Income and Assets: What Might the Future Hold for the Next Generation of Medicare Beneficiaries?" June 2011.

Projected Growth in Medicare Beneficiaries' Income, 2010-2030

Per Capita Total Income (in 2010 dollars)



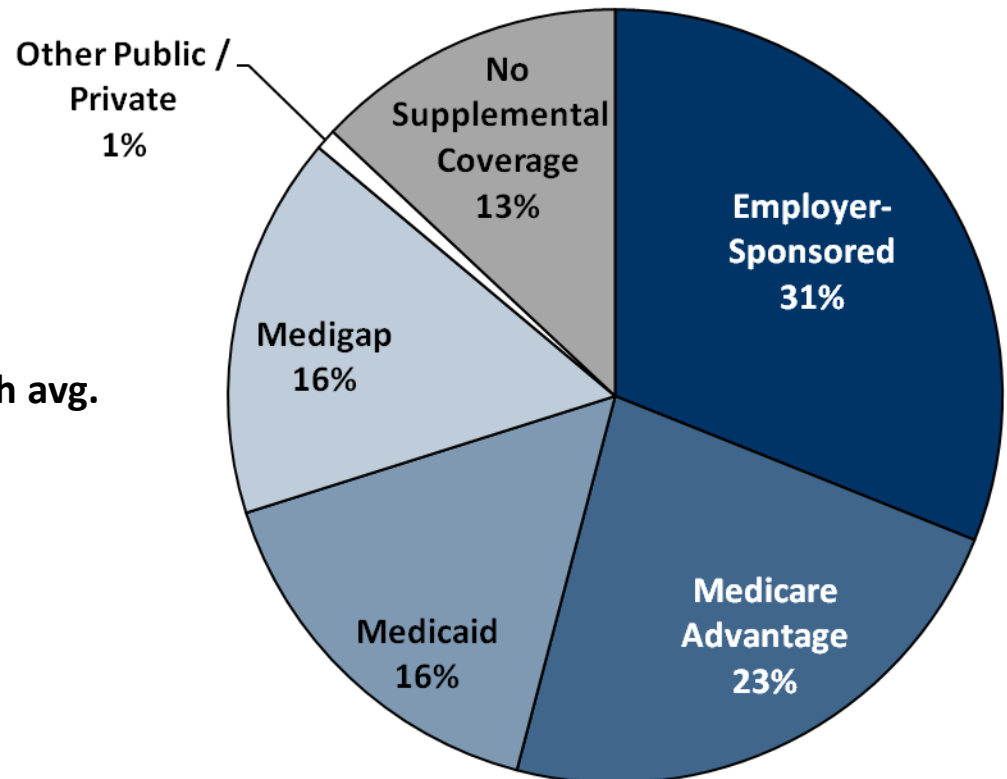
NOTE: All incomes are adjusted to 2010 dollars.

SOURCE: Urban Institute / Kaiser Family Foundation analysis, 2011.

Medicare Costs, Gaps, and Supplemental Coverage

- **2012 premiums and cost-sharing**
 - Part A deductible = \$1,156/episode
 - Part B premium = \$99.90/month
 - Part B deductible = \$140
 - Many benefits subject to 20% coinsurance
 - Part D plan premiums = ~\$30/month avg.

- **Benefit gaps**
 - Limited long-term care
 - Drug benefit “doughnut hole” (phasing out)
 - No coverage for hearing aids, eyeglasses, or dental care
 - No limit on out-of-pocket spending



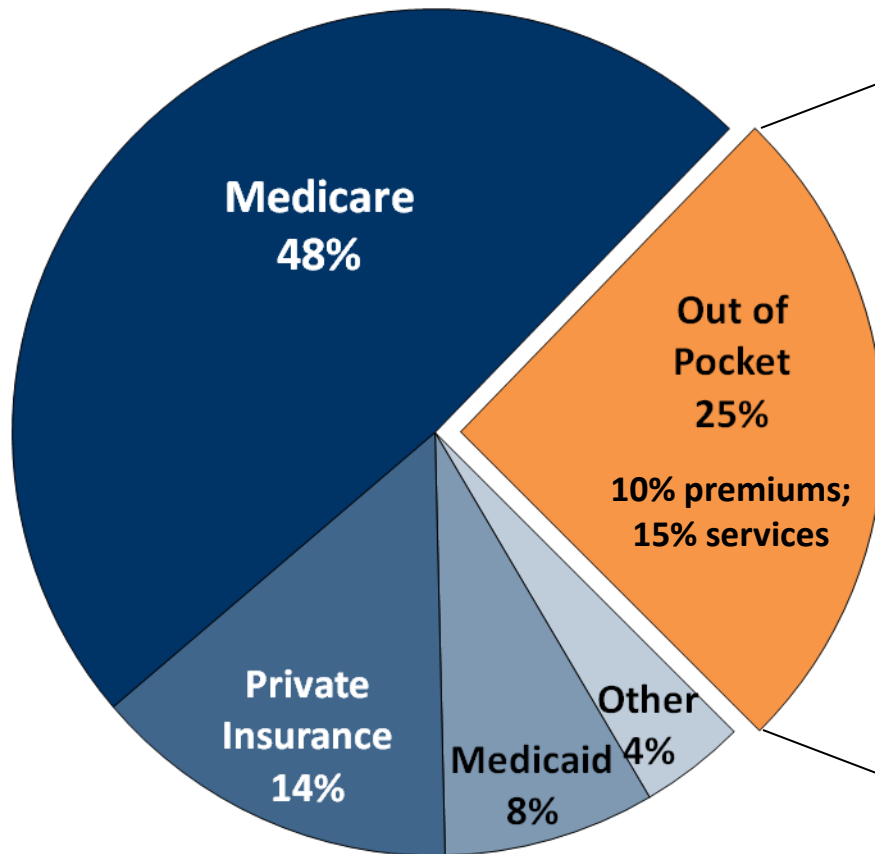
Total Medicare Beneficiaries, 2008 = 41.0 Million

NOTES: Supplemental coverage was assigned in the following order: 1) Medicare Advantage, 2) Medicaid, 3) Employer, 4) Medigap, 5) Other public/private coverage, 6) No supplemental coverage. Individuals with more than one source of coverage were assigned to the category that appears highest in the ordering. RDS is retiree drug subsidy.

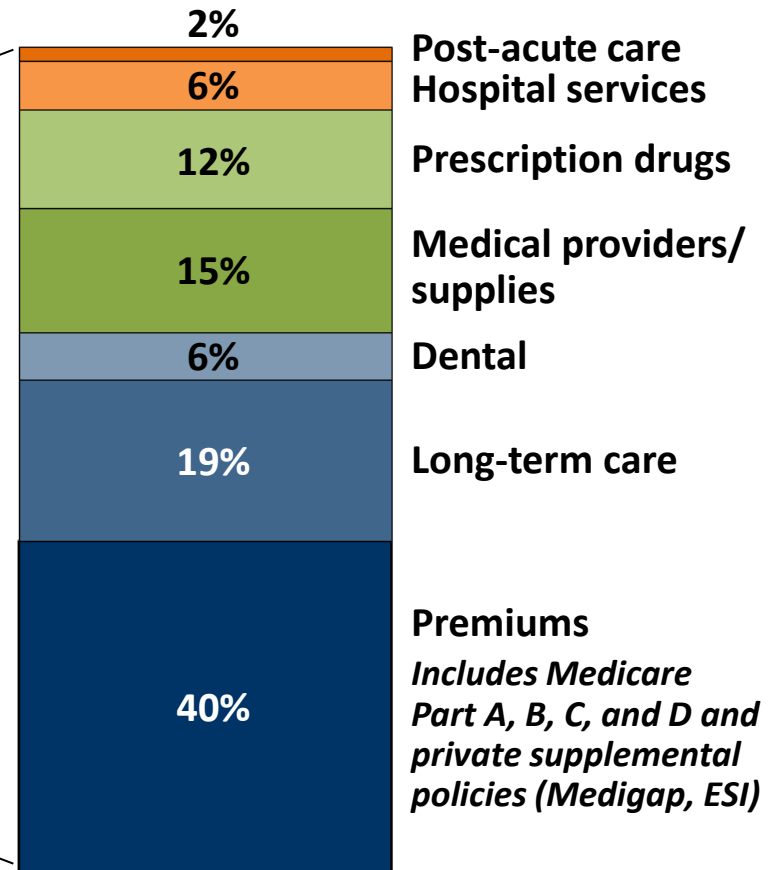
SOURCE: Kaiser Family Foundation analysis of the CMS Medicare Current Beneficiary Survey Cost and Use, 2008.

Medicare pays nearly half of total spending; beneficiaries pay one-quarter out of pocket

Sources of Payment, 2006



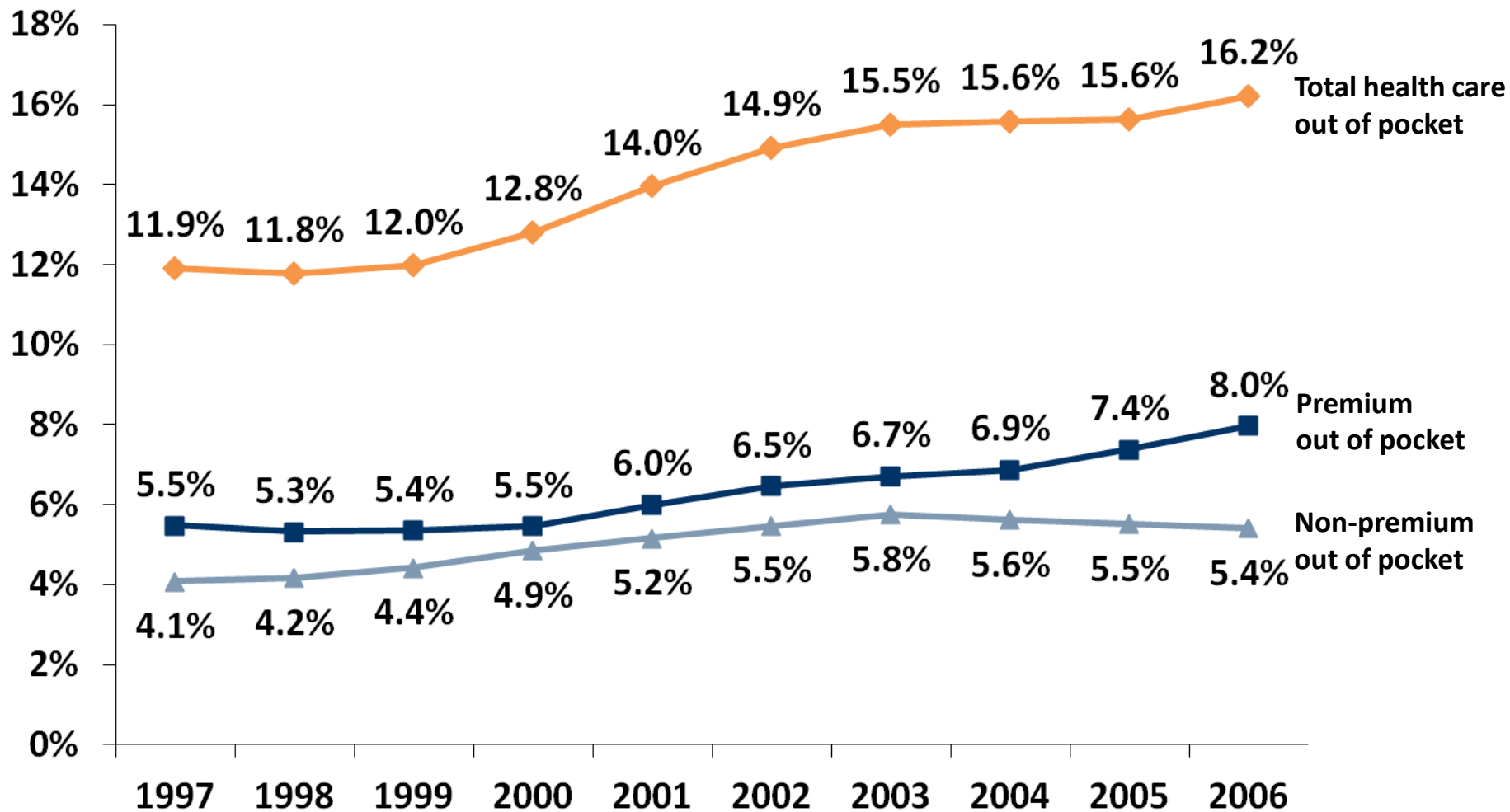
Out-of-Pocket Spending, 2006



Average total out-of-pocket health expenses per beneficiary in 2006 = \$4,241

SOURCE: Kaiser Family Foundation analysis of CMS Medicare Current Beneficiary Survey Cost and Use File, 2006.

Health care spending has consumed a rising share of Medicare beneficiaries' incomes

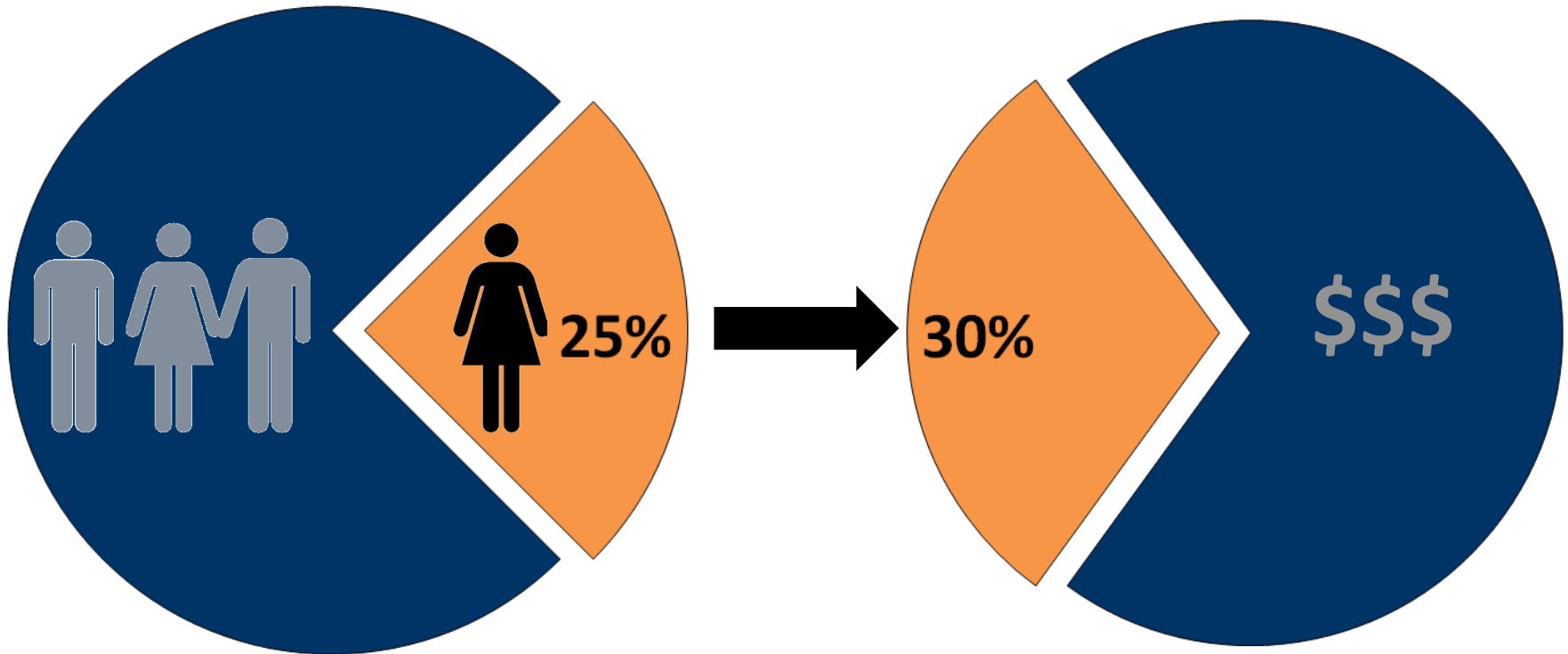


SOURCE: Kaiser Family Foundation, "How Much "Skin in the Game" is Enough? The Financial Burden of Health Spending for People on Medicare," June 2011.

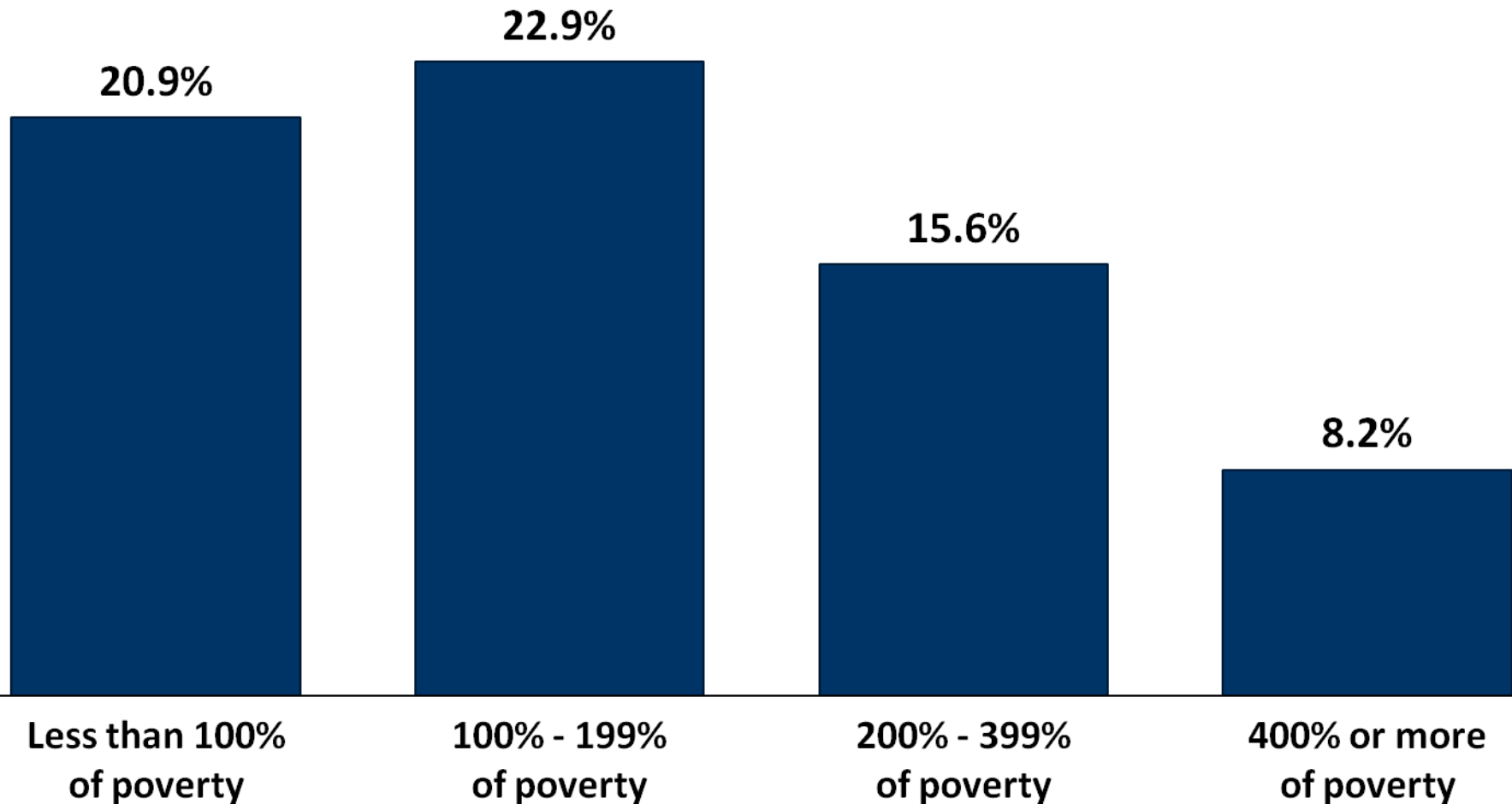
Many Medicare beneficiaries spend a significant portion of income out of pocket on health care

One in four Medicare beneficiaries ...

... spent 30% or more of their incomes on health care in 2006



Median Out-of-Pocket Health Care Spending As a Percent of Income Is Higher Among Lower-Income Medicare Beneficiaries, 2006

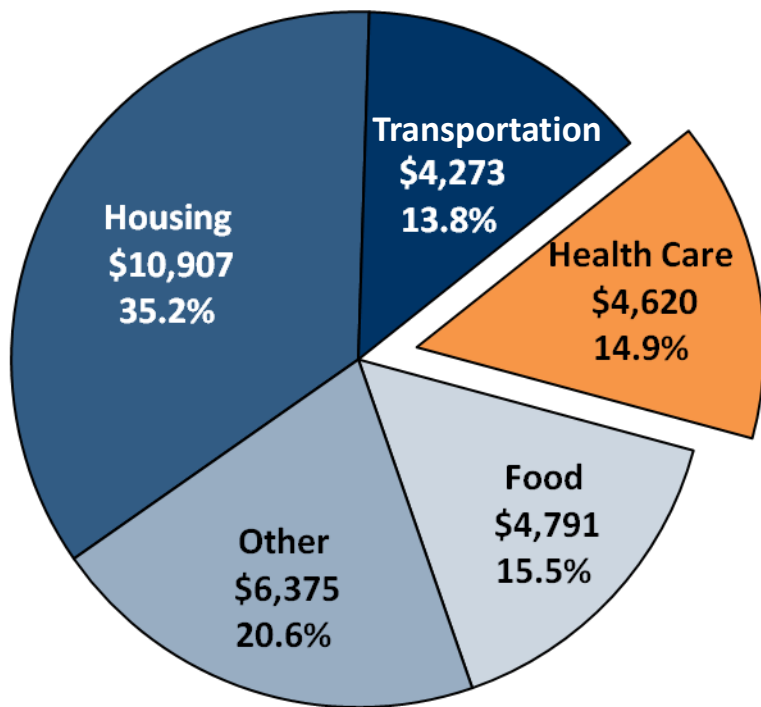


NOTES: Includes Medicare Advantage enrollees, and includes institutionalized and non-institutionalized beneficiaries. In 2006, the federal poverty level was \$9,800 for an individual, and \$13,200 for a couple.

SOURCE: Kaiser Family Foundation analysis of CMS Medicare Current Beneficiary Survey Cost and Use File, 2006.

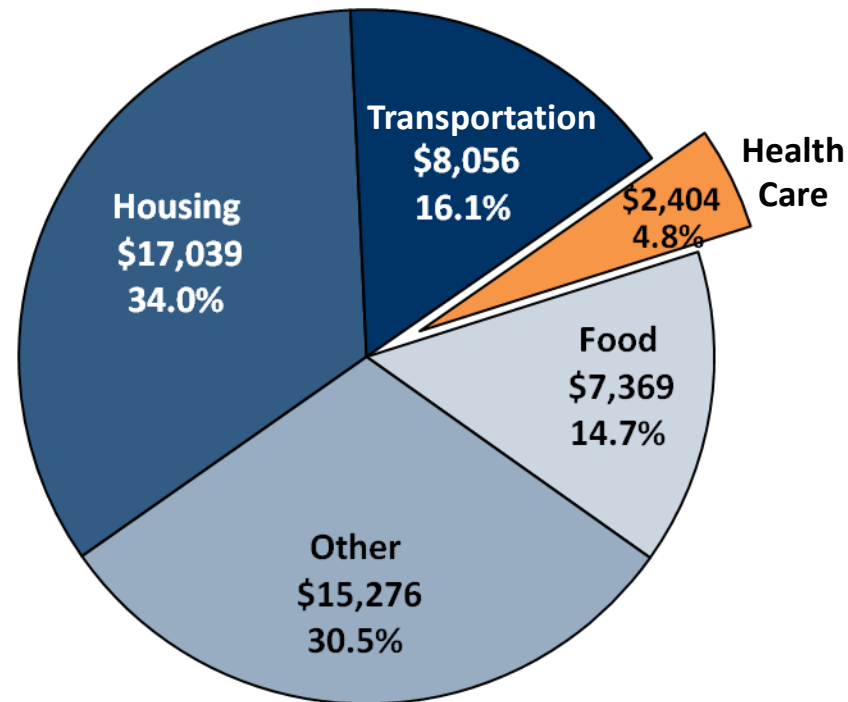
Medicare households spend significantly more than non-Medicare households on health care expenses

Medicare Household Spending



Average Household Spending =
\$30,966

Non-Medicare Household Spending



Average Household Spending =
\$50,143

Summary

- **The Medicare population is diverse**
 - **Many people on Medicare are in frail health, with multiple chronic conditions, and significant health care needs**
- **Many have low incomes and little savings**
- **Health care expenses consume a large share of beneficiaries' income and household budgets**
- **In assessing reforms to the Medicare program, it is important to consider the diversity of the Medicare population and the implications of policies for beneficiaries, particularly those with low incomes and serious health needs.**