Medicare Through the Eyes of Beneficiaries

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Medicare and Medicaid at 50
National Academy of Social Insurance
Cosponsored by the American Society of Aging

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Selected Measures of Health Status of the Medicare Population, 2010

Percent of all Medicare beneficiaries:

- 4+ Chronic Conditions: 45%
- Functional Impairment (1+ ADL Limitations): 34%
- Cognitive/Mental Impairment: 31%
- Fair/Poor Health: 26%

NOTE: ADL is activity of daily living.
Half of all Medicare beneficiaries had incomes below $23,500 per person in 2013.

- 25% had incomes below $14,400
- 50% had incomes below $23,500
- 5% had incomes above $93,900
- 1% had incomes above $171,650

Median income declines with age, is lower for women than men, and lower for black and Hispanic than white beneficiaries.

<table>
<thead>
<tr>
<th>Race /Ethnicity</th>
<th>Age</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Under age 65</td>
<td>Age 65-74</td>
</tr>
</tbody>
</table>
Gaps in Traditional Medicare’s benefit package expose beneficiaries to potentially high out-of-pocket costs

- **NO routine eye exams or eyeglasses**
- **NO hearing aids**
- **NO dental services or dentures**
- **NO long-term care benefit** (covers post-acute skilled nursing facility and home health services)
- **NO limit on out-of-pocket expenses**
- **Part D ‘doughnut hole’ (filled in by 2020)**
Even with Medicare and supplemental coverage, Medicare households spent far more than others on health expenses in 2012.

Average Household Spending = $33,993*

**Medicare Household Spending**
- Transportation: $5,087* (15.0%)
- Housing: $11,673* (34.3%)
- Other: $7,321* (21.5%)
- Health Care: $4,722* (13.9%)

Average Household Spending = $33,993*

**Non-Medicare Household Spending**
- Transportation: $9,660 (18.2%)
- Housing: $16,976 (32.0%)
- Other: $15,702 (29.6%)
- Food: $7,890 (14.9%)
- Health Care: $2,772 (5.2%)

NOTE: *Estimate statistically significantly different from the non-Medicare household estimate at the 95 percent confidence level.

Exhibit 1.2
Average out-of-pocket spending on services is higher for women than men on Medicare and increases with beneficiaries’ age

Medicare Beneficiaries’ Average Total Out-of-Pocket Spending on Services and Premiums, by Gender and Age, 2010

<table>
<thead>
<tr>
<th>Gender</th>
<th>Services</th>
<th>Premiums</th>
</tr>
</thead>
<tbody>
<tr>
<td>All beneficiaries</td>
<td>$4,734</td>
<td>$2,744</td>
</tr>
<tr>
<td>Men</td>
<td>$4,363</td>
<td>$2,485</td>
</tr>
<tr>
<td>Women</td>
<td>$5,036</td>
<td>$2,956</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Services</th>
<th>Premiums</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 65</td>
<td>$3,007</td>
<td>$2,059</td>
</tr>
<tr>
<td>65-74</td>
<td>$4,020</td>
<td>$2,093</td>
</tr>
<tr>
<td>75-84</td>
<td>$5,245</td>
<td>$2,876</td>
</tr>
<tr>
<td>85+</td>
<td>$5,962</td>
<td>$2,229</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Share of beneficiaries</th>
<th>100%</th>
<th>45%</th>
<th>55%</th>
<th>17%</th>
<th>43%</th>
<th>27%</th>
<th>13%</th>
</tr>
</thead>
</table>

NOTE: Analysis excludes beneficiaries enrolled in Medicare Advantage plans. Premiums includes Medicare Parts A and B and other types of health insurance beneficiaries may have (Medigap, employer-sponsored insurance, and other public and private sources). SOURCE: Kaiser Family Foundation analysis of the Medicare Current Beneficiary Survey 2010 Cost & Use file.
Out-of-pocket spending on Medicare as a share of the average Social Security benefit has been on the rise:

- **1970**: 6%
- **1990**: 12%
- **2010**: 26%

What will Medicare look like in the next 50 years?
The next generation of Medicare beneficiaries can expect some gains in income and savings, but mainly at the top.

NOTE: All income and savings are adjusted to 2013 dollars. Savings is among all beneficiaries.

Medicare Resources on kff.org

✓ Medicare and Medicaid at 50 (video)
✓ Medicare Primer, 2015
✓ Medicare Timeline (interactive)
✓ The Story of Medicare (animated timeline)
✓ Income and Assets of Medicare Beneficiaries, 2013 – 2030
✓ Health Care on a Budget: The Financial Burden of Health Spending by Medicare Households
✓ How Much Is Enough? Out-of-Pocket Spending Among Medicare Beneficiaries: A Chartbook

For more information, visit kff.org/medicare