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Waiting for Medicare: Disparities in Health Care Experiences of Adults Age 50-64 Compared to Adults 65 and Older

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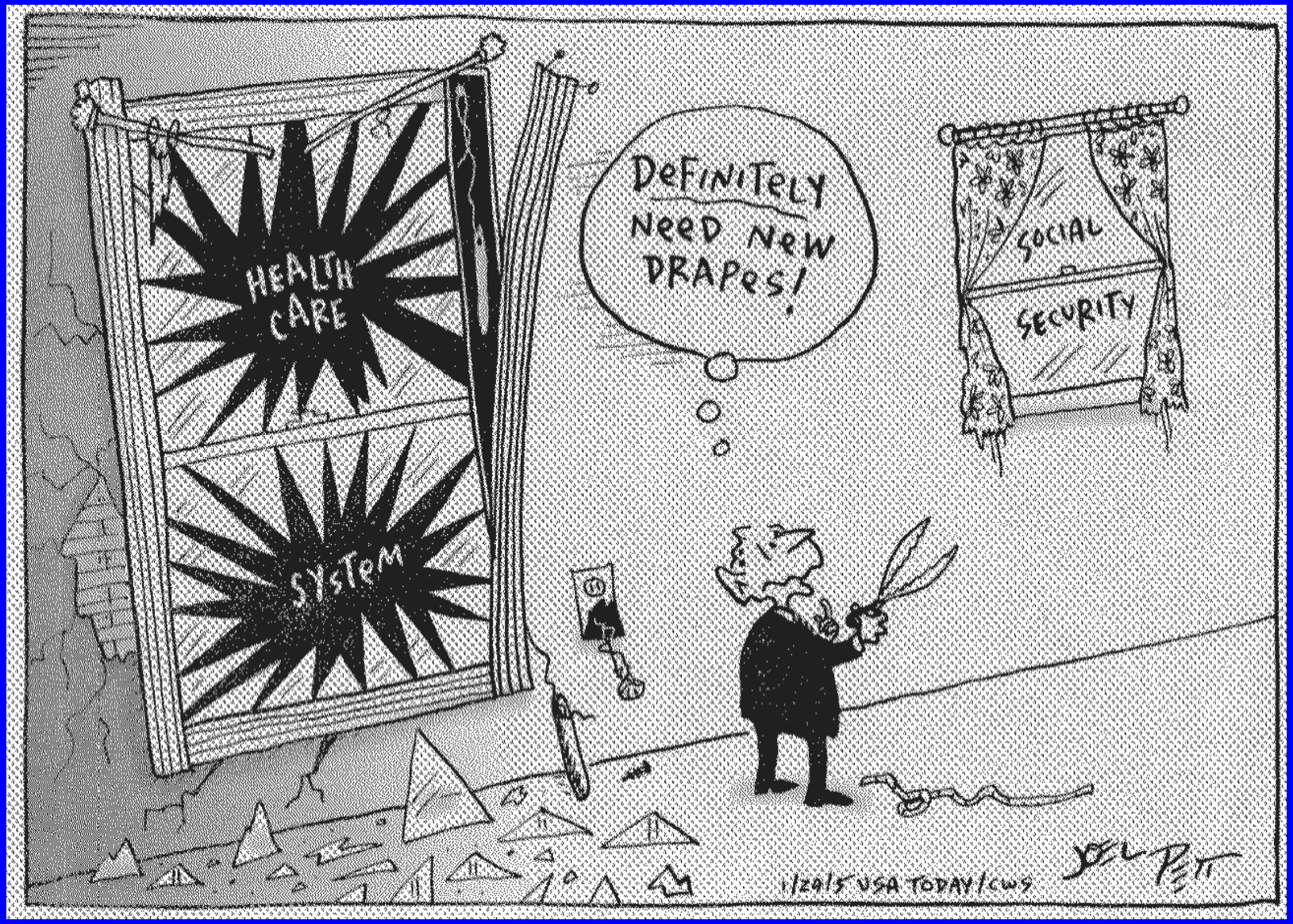
NASI Roundtable January 28, 2005
The Growing Inequality in Workers' Health Benefits



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Overview

- Focus on 46 million adults age 50-64.
- Aging "Baby Boomers" on their way to Medicare face onset of chronic disease and disability at time need to accumulate savings for retirement.
  - At risk if uninsured or inadequately insured. One fourth of all adults under 65.
- Comparisons of measures of access and financial stress with adults age 65+ finds more negative experiences and wide disparities by income.
- Erosion of quality of coverage as well as gaps in insurance are of concern.
- Short and long run consequences for workforce and public programs. Policy implications.

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On Their Way to Medicare: Income, Work and Health of Adults Age 50-64

- 25% live on incomes below 200% of poverty. One third have annual incomes below $35,000.

- Two thirds work full time or are married to a FT worker. Yet, one fourth no current attachment to workforce when surveyed.

- Health:
  - 70% have at least one of 6 chronic health conditions.
  - 23% report a disability or condition restricts daily activities or work.

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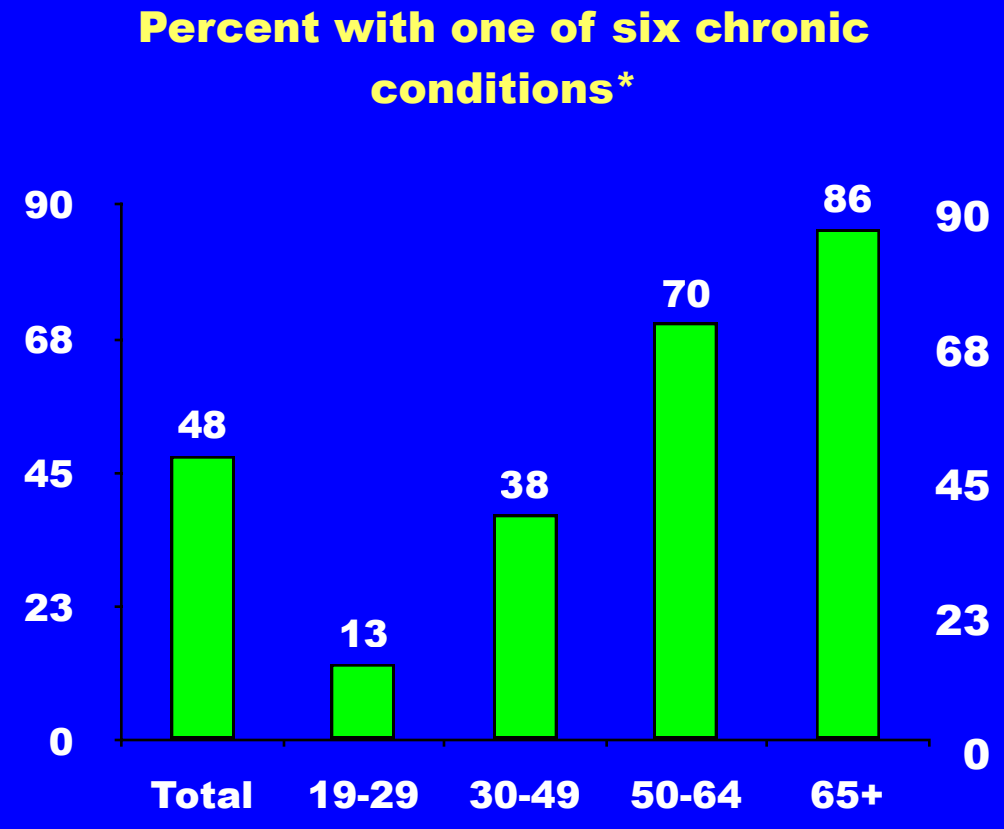
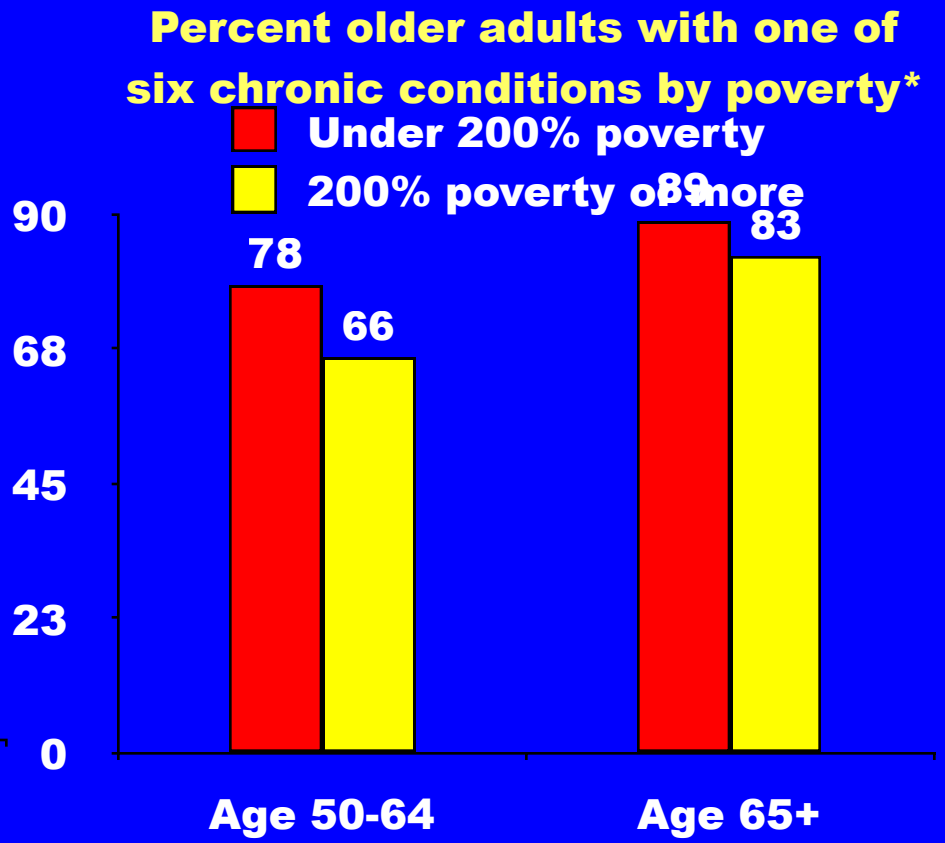
Increasing Incidence of Chronic Disease with Age





* Conditions include: hypertension, high blood pressure or stroke; heart attack or other heart disease; cancer; diabetes; arthritis; or high cholesterol

Source: The Commonwealth Fund 2003 Biennial Health Insurance Survey

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Adults Age 50 to 64 at High Risk of Health Care Insecurity

- Compared to adults 65 or older, adults 50-64 are more likely to:
  - Go without needed medical care
  - Report financial stress due to medical bills, debt.
- They are less satisfied with quality of care and lack confidence they will get quality care
- On each measure low income adults 50-64 are at highest risk. Gaps by income wide compared to those with Medicare

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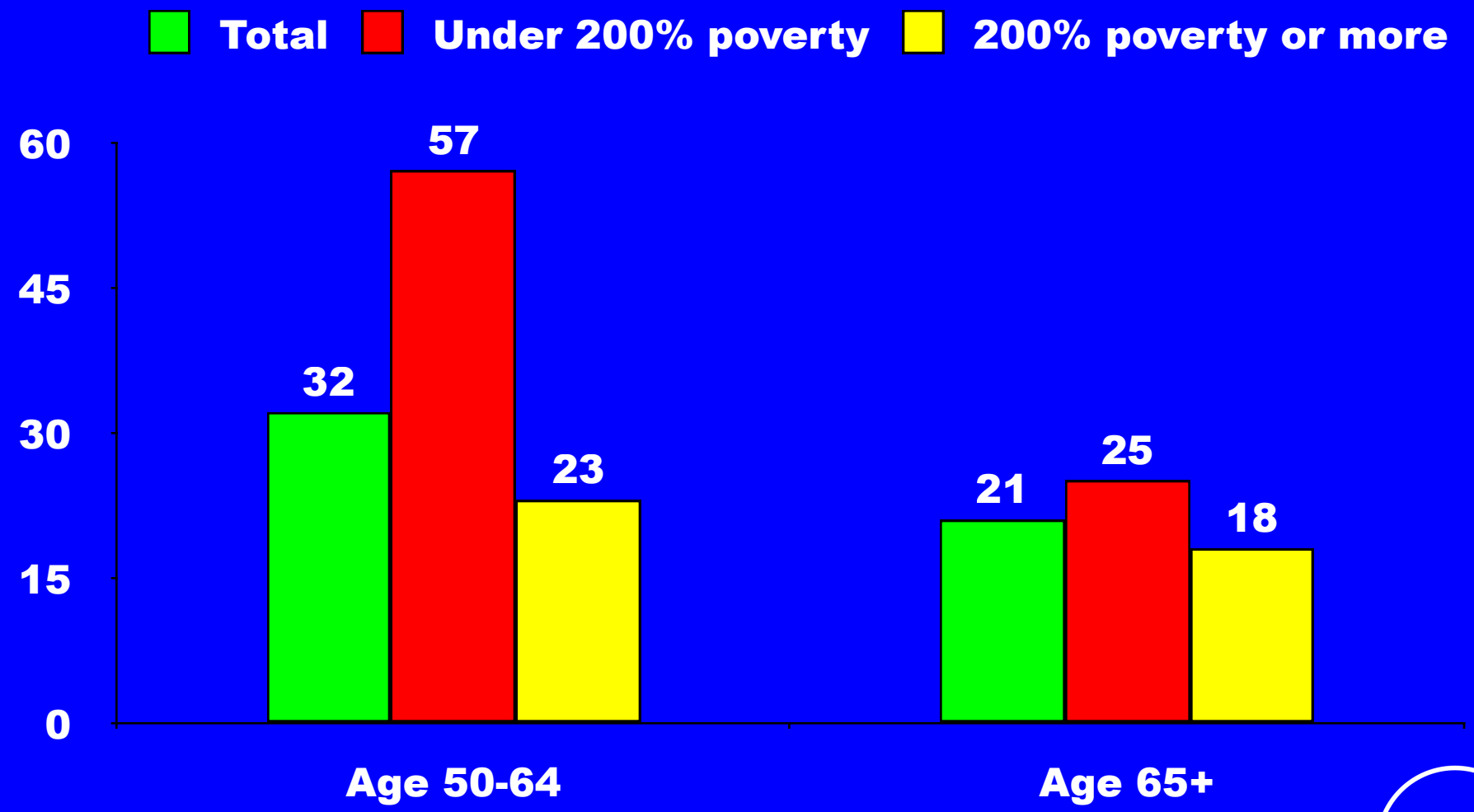
More Than Half of Low Income Adults 50-64 Went Without Needed Care Due to Costs*



* Did not see a doctor when sick, did not fill a prescription; did not see a specialist or skipped recommended test or follow-up because of costs.

Source: The Commonwealth Fund 2003 Biennial Health Insurance Survey

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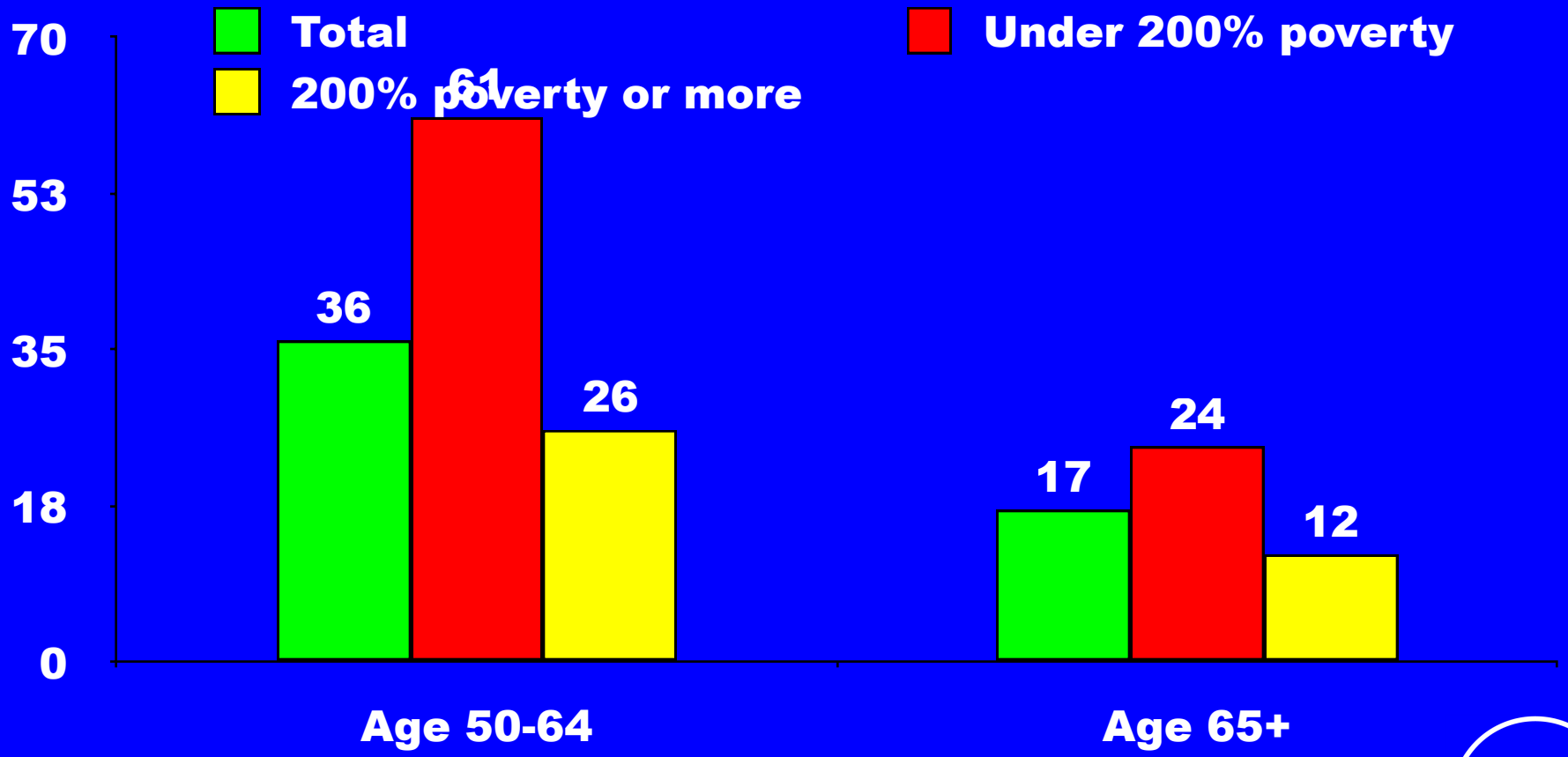
High Levels of Financial Stress Among Low Income Adults Age 50-64

Percent with problems paying medical bills or past debt*



* In past year had problems paying medical bills; contacted by a collection agency, or had to change way of life to pay bills or had medical debt accrued from past years.

Source: The Commonwealth Fund 2003 Biennial Health Insurance Survey

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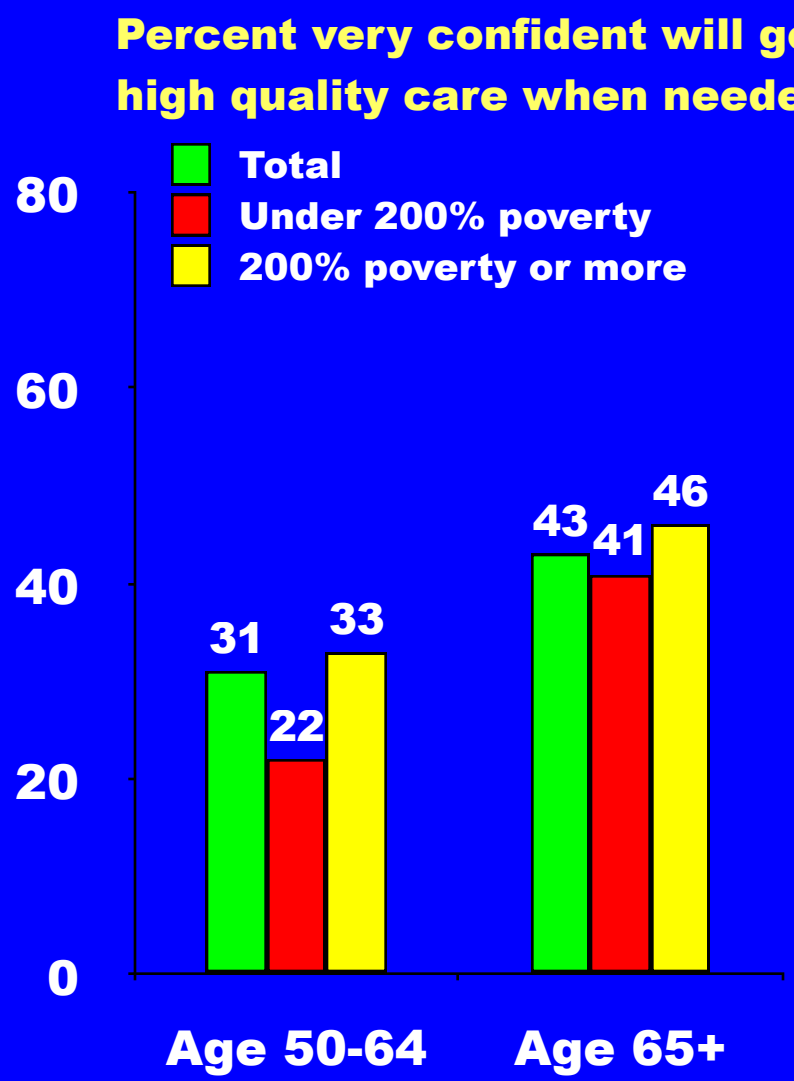
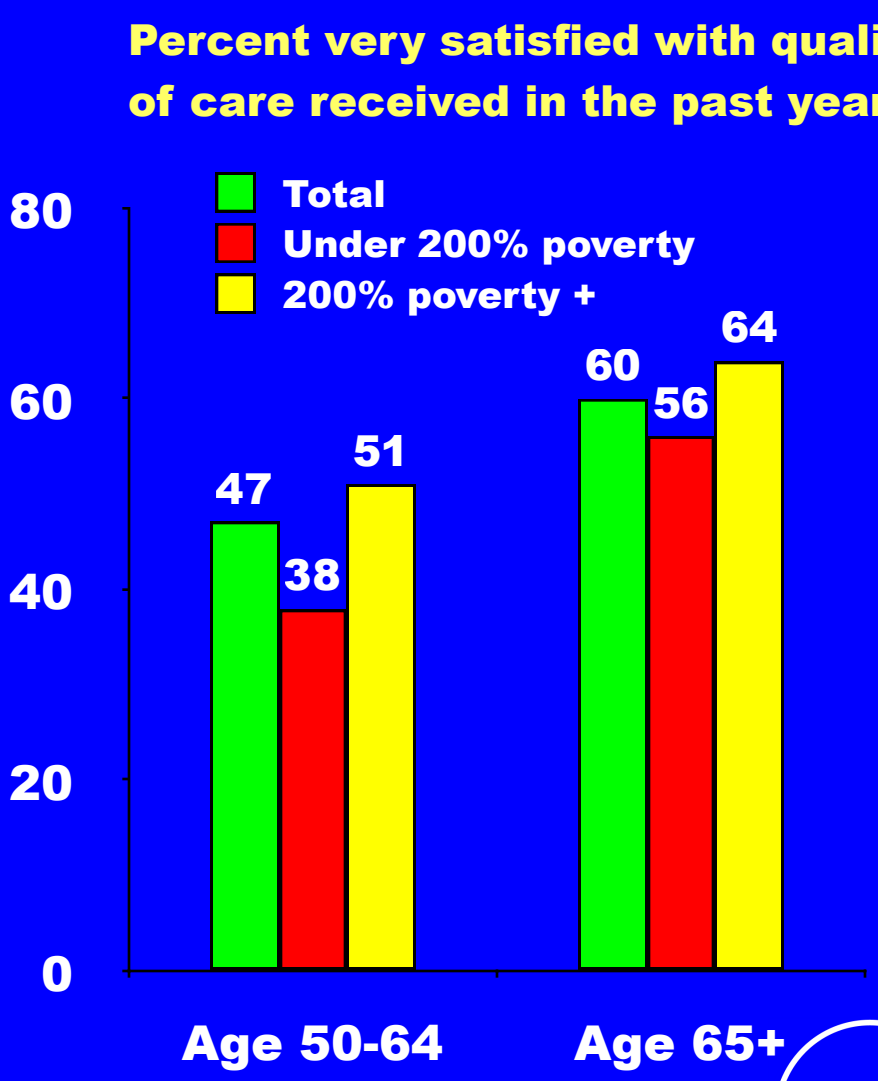
Confidence and Satisfaction with Care





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Source: The Commonwealth Fund 2003 Biennial Health Insurance Survey

Pre-Medicare Older Adults at Risk for Being Uninsured and Coverage Erosion

- Uninsured rates high and ESI rates low among older, low income adults

- Changes in insurance are increasing cost exposure for the insured

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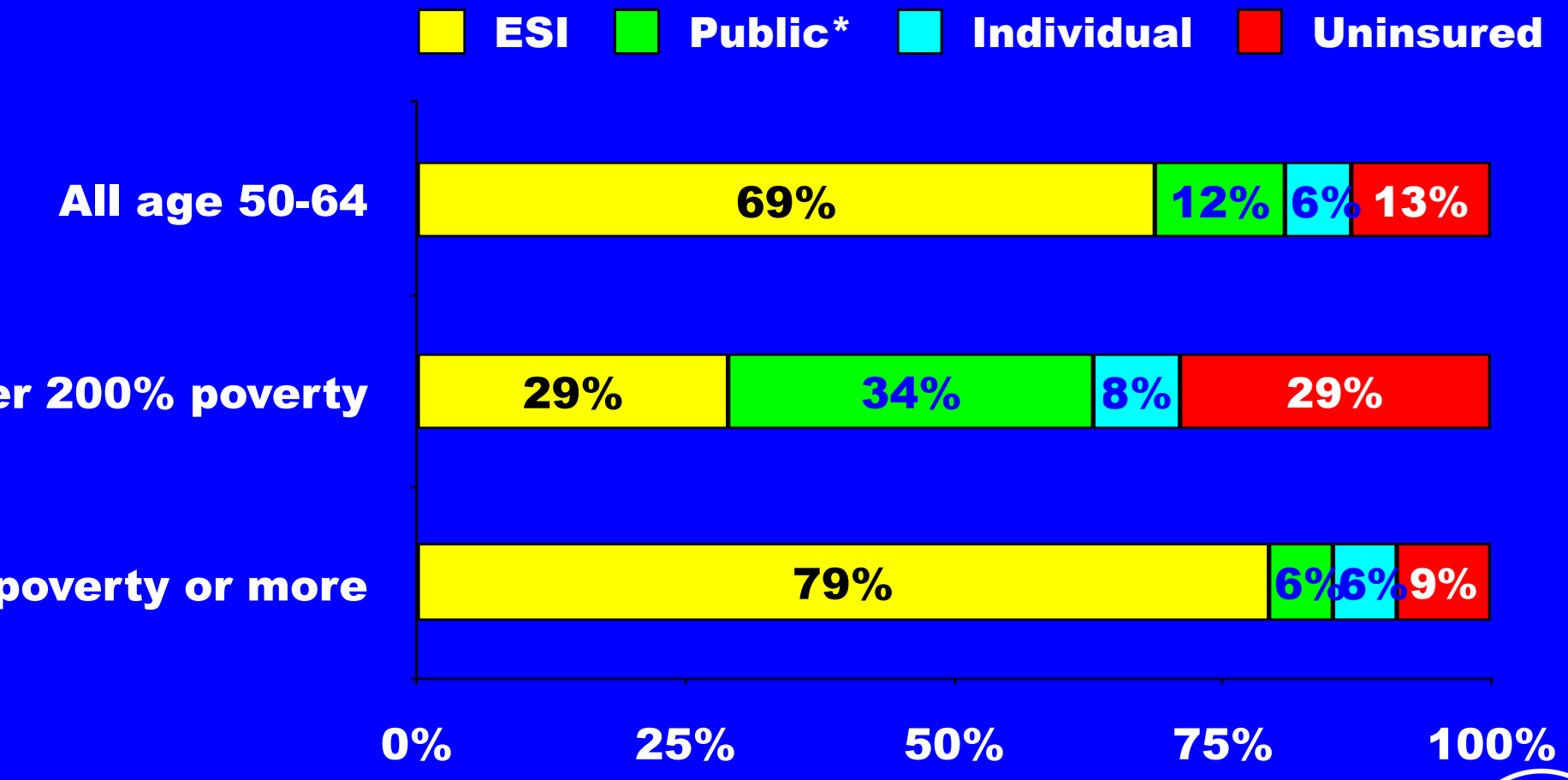
Insurance Coverage of Adults 50-64, 2003



*Public includes Medicare, Medicaid, other public.
Source: Analysis of March 2004 Current Population Survey

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Erosion of Insurance Benefits Increases Cost Exposure Among Adults 50-64

- **Benefits reductions and shift in premium shares in 2003**
  - **Half of all and both income groups report either premium increases or benefit erosion**
  - **Nearly 3 of 10 had their share of medical bills increase**

- **Evidence low income at risk of being underinsured**

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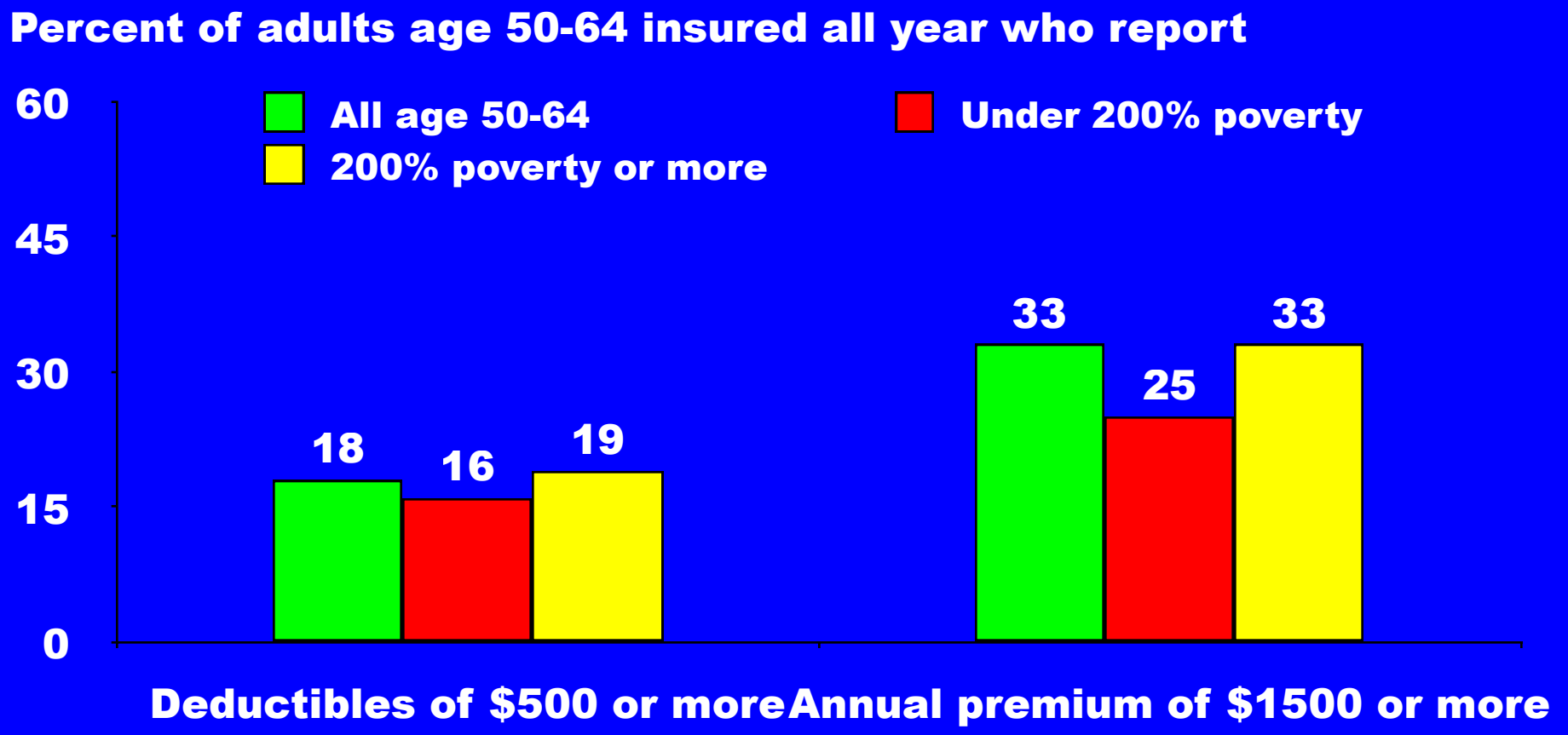
Insured Adults Age 50-64 Often Face High Cost Sharing plus Premium Shares



Source: The Commonwealth Fund 2003 Biennial Health Insurance Survey

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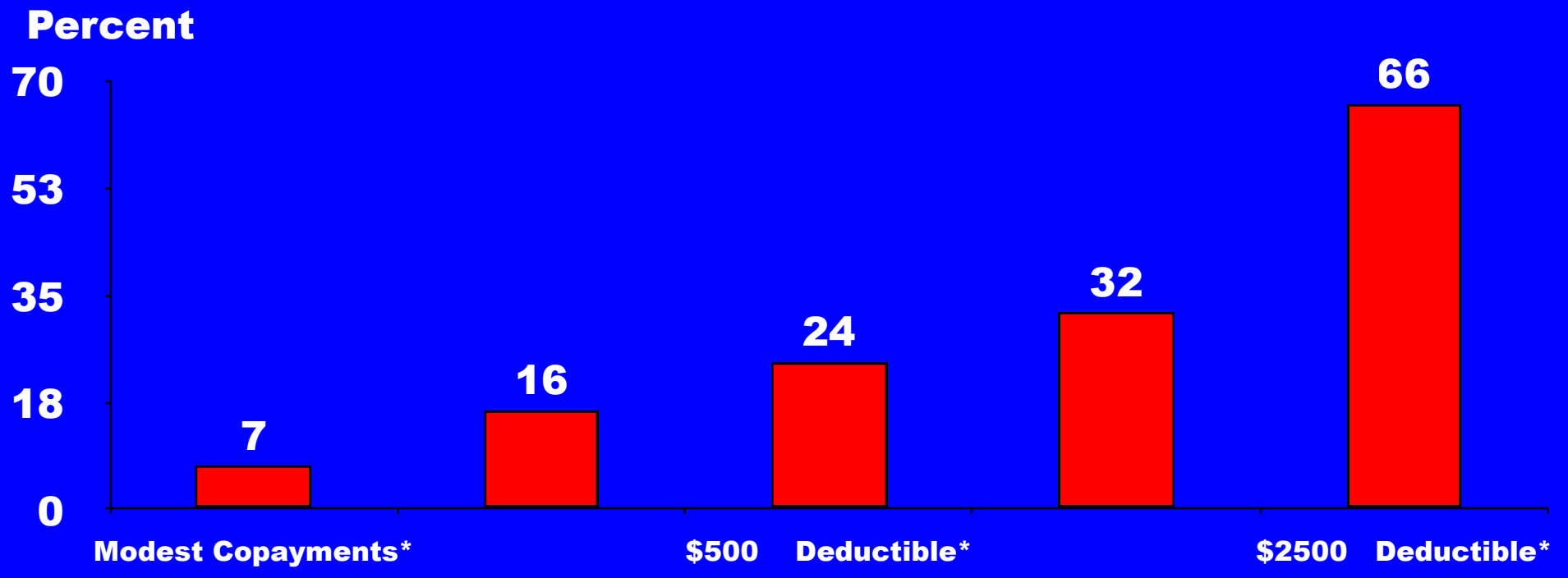
Percent of Hospitalized Patients with Out-of-Pocket Costs Exceeding 10 Percent of Income by Cost-Sharing Amount



*** Notes:**
Modest Co-payments Option has $20 co-pay for physician visits, $150 co-pay for ED visits, and $250 co-pay per day inpatient hospitalization; $100 Deductible Option has 10% in-network coinsurance and 20% out-of-network coinsurance; $500 Deductible Option has 20% in-network coinsurance and 30% out-of-network coinsurance; $1000 Deductible Option has 20% in-network coinsurance and 30% out-of-network coinsurance; $2500 Deductible Option also 30% in-network coinsurance, 50% out-of-network coinsurance; Maximum out-of-pocket limits are set at $1,500 more than deductible for all options.

Source: S. Trude, *Patient Cost Sharing: How Much is Too Much?* Center for Studying Health System Change, December 2003.

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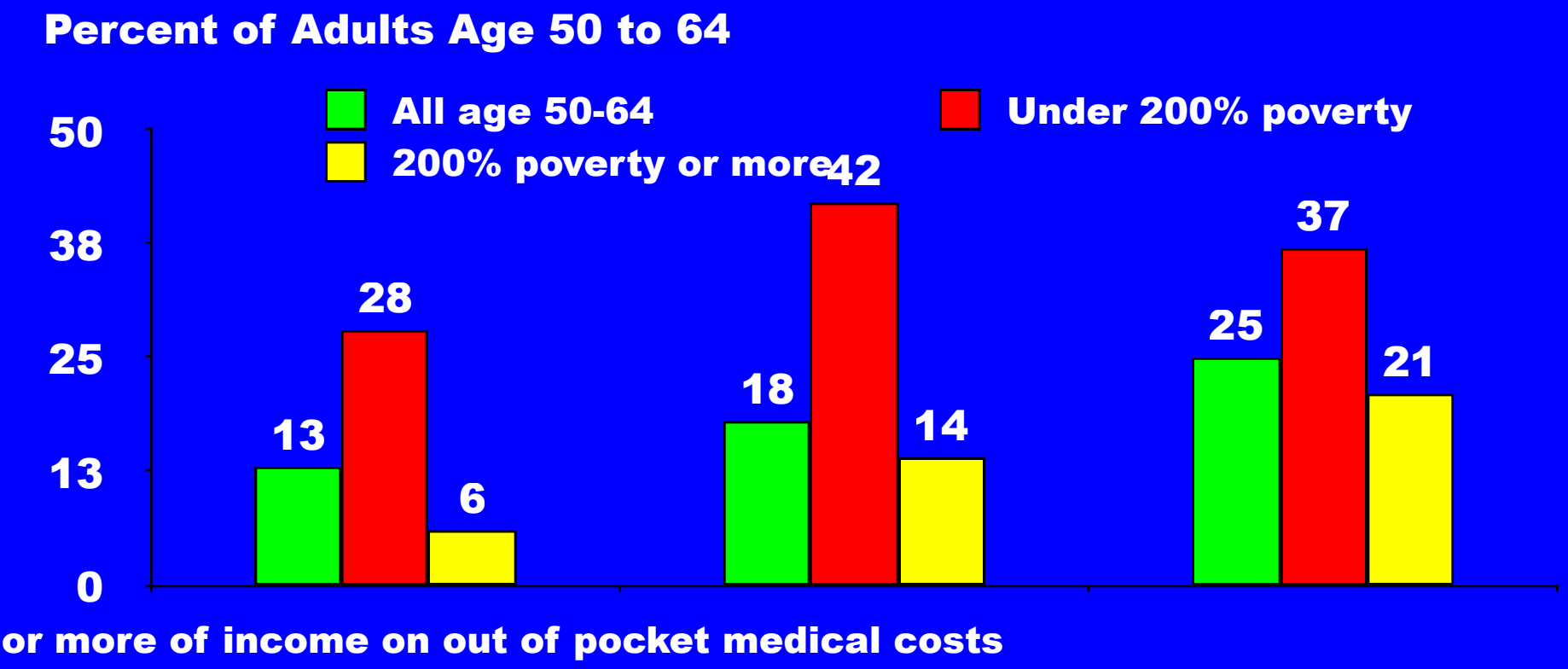
Adults 50 to 64 Often Face High Medical Bill Costs and Premiums Relative to Income



Source: The Commonwealth Fund 2003 Biennial Health Insurance Survey

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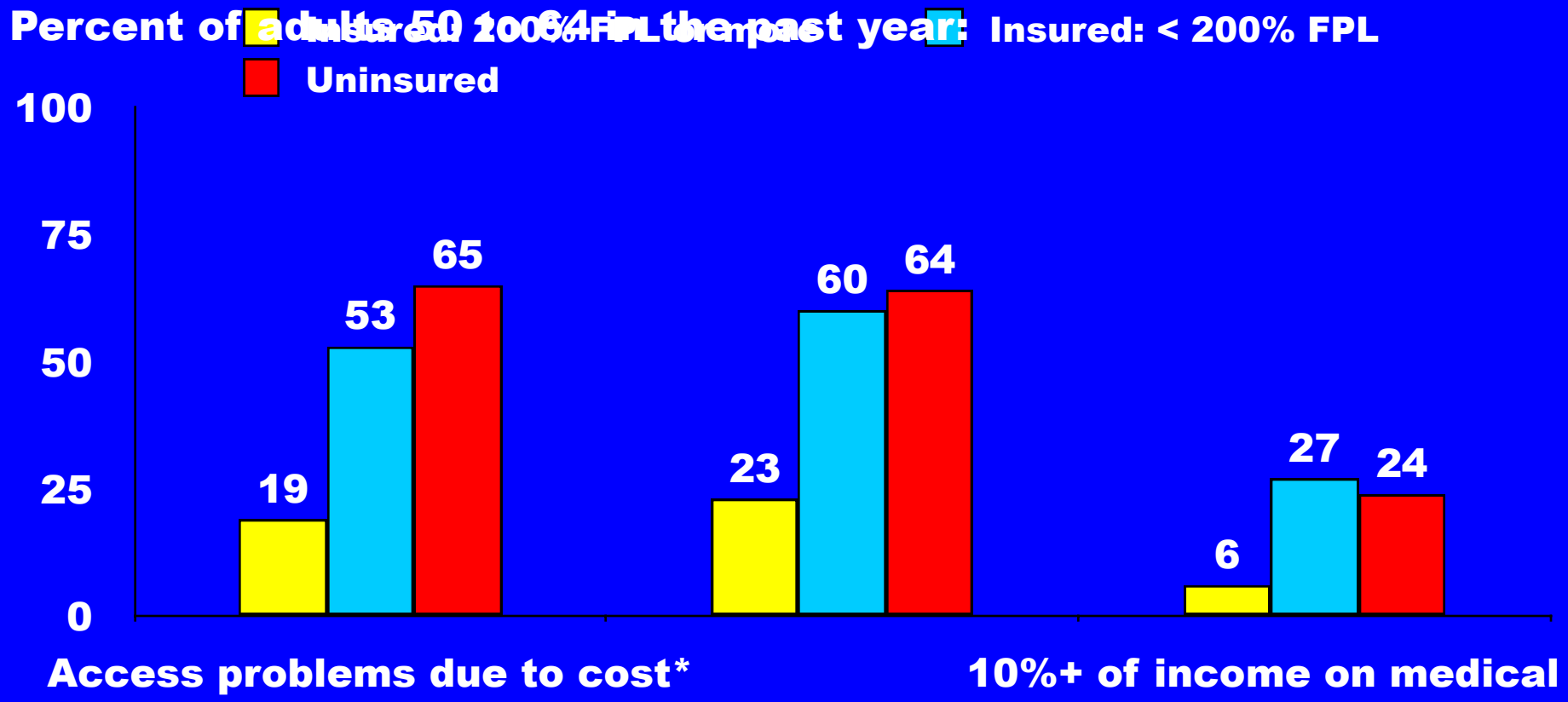
Insurance Critical for Adults 50-64. But Low Income Often Inadequately Protected



* Did not see a doctor when sick, did not fill a prescription; did not see a specialist or skipped recommended test or follow-up care because of costs.
** Problem paying medical bills; contacted by collection agency, or changed way of life to pay bills
Source: The Commonwealth Fund 2003 Biennial Health Insurance Survey

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Summary and Discussion

- **Lack of timely access can have short and long term consequences given health risks**
- **Lack of adequate protection against medical bills puts retirement savings at risk**
- **High rates uninsured if low income. Fragile connections to work -- limit access to job-based benefits.**
  - **Major cut backs in employer early retiree benefits**
- **Benefit erosion raises risk that older adults, especially low income, will be underinsured.**

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Policy Issues

- **Currently no viable safety net for adults 50-64**
  - **Two year waiting period if disabled for Medicare (29 months if include 5 months waiting for SSDHI)**
  - **Medicaid: in most states limited to disabled or parents of young children**
  - **Income threshold very low for adults. Asset tests.**

- **Individual market expensive and often not available if history of health problems**
  - **Tax credits least likely to help this age group**

- **Need for group options. Plus premium assistance to make coverage affordable.**

- **Benefit design matters**

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Survey Description and Acknowledgements

- **Commonwealth Fund 2003 Biennial Health Insurance Survey: Phone survey of 4,000 adults age 19 and older, conducted Sept 2003 – Jan 2004; includes 893 adults age 50-64 and 655 adults age 65 and older**

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Research assistance: Alyssa Holmgren, Program Assistant, Commonwealth Fund

- **Doug Gould, Columbia University for CPS data run and Danielle Ferry, Ph.D. graduate program CUNY and research assistant at NBER for trends over time.**

- **For an earlier report summarizing the Fund 2003 Survey for all adults age 19-64 see:**
  - **S. Collins, et al., The Affordability Crisis in U.S. Health Care, Commonwealth Fund, March 2004**

- **All Fund reports available at: www.cmwf.org**

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