

Who Relies on Medicare? Profile of the Medicare Population

Megan Multack and Claire Noel-Miller
AARP Public Policy Institute

As the country discusses the future of Medicare, it is important to keep in mind the profile of the population it serves. Below are 10 key facts.

- 1. Medicare provides health coverage to more than 49 million Americans.**¹ Fifteen percent of the nation's population relies on Medicare for health security. As baby boomers turn 65, enrollment will reach 64 million in 2020 and 80 million in 2030. With increasing longevity, in 2011, one in four people receiving Medicare benefits were 80 years old or older.
- 2. Medicare is not just for those 65 years old and over.** One in six beneficiaries qualified for coverage in 2011 before turning 65 on the basis of permanent disability.² These individuals tend to have lower incomes and higher rates of health problems than older beneficiaries, including cognitive impairments and limitations in activities of daily living.
- 3. Many beneficiaries are in poor health.** Nearly half (45 percent) of the Medicare population is living with three or more chronic conditions. More than a quarter (28 percent) reports being in fair or poor health. These individuals rely on Medicare to help afford essential treatment.³
- 4. Many beneficiaries are between the ages of 65 and 67.** More than 7.5 million people were between the ages of 65 and 67 in 2010—about 16 percent of the Medicare population.⁴ Millions of older adults would be affected by an increase in the Medicare eligibility age.
- 5. Many beneficiaries live on modest incomes.** Half have incomes less than two times the federal poverty level (\$21,660 in 2010). Nearly one in four were living below poverty in 2007.⁵
- 6. Many beneficiaries have limited financial resources.** More than one in four had less than \$10,000 in total savings (retirement accounts and financial assets) in 2010.⁶
- 7. Medicare covers only about half of beneficiaries' total health costs.**⁷ Most beneficiaries have supplemental insurance or Medicaid to cover some of the costs not covered by Medicare, but eight percent had no additional coverage in 2007.⁸
- 8. Beneficiaries spend a median of \$3,138 out-of-pocket on health care.**⁹ In 2007, half of beneficiaries spent at least this amount of their own money on medical services and Medicare premiums, which accounted for about 17 percent of their income.
- 9. The oldest and the poorest spend more than a quarter of their income on health care.**¹⁰ In 2007, beneficiaries 85 and older spent about 28 percent of their income on health care expenses, compared with beneficiaries age 65 to 69, who spent 11 percent. Beneficiaries with

incomes just above poverty (101–150% of poverty) spent 27 percent of their income on health care, compared with beneficiaries with incomes over 300 percent of poverty, who spent 11 percent.

10. Not everyone pays the same amount for Medicare. About four percent of upper income beneficiaries (greater than \$85,000 for an individual; greater than \$170,000 for a couple)

are projected to pay higher Medicare Part B and Part D premiums in 2012. Those with the highest income will pay premiums of as much as \$3,840 per year for Part B and about \$1,200 per year for Part D.¹¹ In contrast, the nearly one in four Medicare beneficiaries living below poverty in 2007 might have qualified for Medicaid assistance to cover the cost of their Medicare premiums and cost sharing.¹²

Endnotes

¹ *The Medicare Trustees Report*, 2012, Table V.B3 (p. 209), <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/ReportsTrustFunds/downloads/tr2012.pdf>.

² *Ibid.*, Table II.B1 (p. 10).

³ Kaiser Family Foundation, *Medicare at a Glance* (Menlo Park, CA: Kaiser Family Foundation, November 2011).

⁴ AARP Public Policy Institute analysis of 2011 Current Population Survey and 2011 Center for Medicare and Medicaid Services Data Compendium.

⁵ AARP Public Policy Institute analysis of 2007 Medicare Current Beneficiary System (MCBS), Cost and Use File.

⁶ Kaiser Family Foundation, *Projecting Incomes and Assets* (Menlo Park, CA: Kaiser Family Foundation, June 2011).

⁷ K. Lind, *Setting the Record Straight about Medicare* (Washington, DC: AARP Public Policy Institute, 2012), http://www.aarp.org/content/dam/aarp/research/public_policy_institute/health/Setting-the-Record-Straight-about-Medicare-fact-sheet-AARP-ppi-health.pdf.

⁸ AARP Public Policy Institute analysis of 2007 MCBS, Cost and Use File.

⁹ N. Noel-Miller, *Medicare Beneficiaries' Out-of-Pocket Spending for Health Care* (Washington, DC: AARP Public Policy Institute, 2012).

¹⁰ *Ibid.*

¹¹ Lind, *Setting the Record Straight*.

¹² AARP Public Policy Institute analysis of 2007 MCBS, Cost and Use File.

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AARP Public Policy Institute,
601 E Street, NW, Washington, DC 20049
www.aarp.org/ppi.
202-434-3890, ppi@aarp.org
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