

Who Relies on Medicare? Profile of the Medicare Population

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- 1. Medicare provides health coverage to 50.7 million Americans.**¹ Sixteen percent of the nation's population relies on Medicare for health security. As baby boomers turn 65, Medicare enrollment will reach 64 million in 2020 and 81 million in 2030.²
- 2. Medicare is not just for those 65 years old and older.** More than one in six Medicare beneficiaries (17 percent) were under the age of 65 in 2012; they qualified because they had a permanent disability.³ Compared to older beneficiaries, these individuals tended to have lower incomes and higher rates of health problems, including cognitive impairments and limitations in activities of daily living.
- 3. Many beneficiaries are in poor health.** Forty percent of people enrolled in Medicare live with three or more chronic conditions. More than a quarter (27 percent) report being in fair or poor health.⁴
- 4. Many beneficiaries live on modest incomes.** Half of all beneficiaries had \$22,500 or less in annual income in 2012, which was less than twice the federal poverty level. One in 10 had an annual income of about \$9,000 or less, which was well below the federal poverty level in 2012 (\$11,170 for an individual).⁵
- 5. Many beneficiaries have limited savings.** Half of all beneficiaries had less than \$63,100 in total savings in 2012. African American and Hispanic beneficiaries had even lower savings; half had \$11,650 and \$12,050 or less, respectively.⁶
- 6. Medicare does not cover all services.** Medicare does not cover vision, dental, hearing aids, or long-term care services. In 2010, Medicare covered 46 percent of beneficiaries' spending on medical services, some long-term care services, and insurance premiums. Most beneficiaries had supplemental insurance or Medicaid to cover some of the costs not covered by Medicare, but 14 percent had no additional coverage in 2010.⁷
- 7. Beneficiaries face high out-of-pocket costs.** In 2010, half of beneficiaries spent at least \$3,320 of their own money on medical services, some long-term care costs, and insurance premiums. These costs amounted to about 16 percent of their income.⁸
- 8. The poorest and sickest spend the most on health care.** In 2010, beneficiaries with incomes just above poverty (101–150 percent of the poverty level) spent 26 percent of their income on health care. In contrast, beneficiaries whose income exceeded 300 percent of the poverty level spent about 11 percent of their income on health care. Beneficiaries in fair or poor health spent about 20 percent of their income on health care, whereas beneficiaries in excellent or very good health spent about 14 percent.⁹
- 9. Higher-income people pay more in Medicare.** Medicare beneficiaries with income greater than \$85,000 for

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an individual or \$170,000 for a couple pay higher Medicare Part B (physician services) and Part D (prescription drug coverage) premiums than the average person. Just under 5 percent of Medicare beneficiaries fall into this category. Beneficiaries with the highest income pay as much as \$4,028 per year in Part B premiums compared to \$1,258 per year for the standard premium.¹⁰ The highest-income group also pays \$799 more annually for Part D coverage (in addition to the plan premium). In addition, higher-income workers

pay more in Medicare payroll taxes. Individuals earning more than \$200,000 or couples earning more than \$250,000 a year pay an additional 0.9 percent, which is credited to the Medicare trust fund.

10. Lower-income beneficiaries have help with Medicare cost sharing. Medicaid covers all or part of Medicare's cost sharing for individuals who qualify because they have low incomes and limited assets. More than 9 million people were dually enrolled in Medicaid and Medicare in 2009.¹¹

Endnotes

¹ See table II.B1 in Boards of Trustees, Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, 2013 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds (Washington, DC: Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, 2013), 10, <http://downloads.cms.gov/files/TR2013.pdf>.

² See table V.B4 in Boards of Trustees, 2013 Annual Report, 198.

³ See table II.B1 in Boards of Trustees, 2013 Annual Report, 10.

⁴ Kaiser Family Foundation, "Medicare at a Glance," fact sheet, November 14, 2012, <http://kff.org/medicare/fact-sheet/medicare-at-a-glance-fact-sheet/>.

⁵ Gretchen Jacobson, Jennifer Huang, Patricia Neuman, and Karen Smith, "Wide Disparities in the Income and Assets of People on Medicare by Race and Ethnicity: Now and in the Future," report, Kaiser Family Foundation, Menlo Park, CA, September 2013, <http://kff.org/medicare/report/wide-disparities-in-the-income-and-assets-of-people-on-medicare-by-race-and-ethnicity-now-and-in-the-future/>.

⁶ Jacobson et al., "Wide Disparities."

⁷ AARP Public Policy Institute analysis of the 2010 Medicare Current Beneficiary Survey (MCBS) Cost and Use File. Note that 46 percent represents the median for total spending. Total health care costs include all personal expenditures for Medicare-covered and non-Medicare-covered services as well as Medicare premiums (including Medicare Part D premiums) and premiums for supplemental insurance. Long-term care spending includes spending for health care services as well as room and board costs for residents of nursing homes and other facilities, as reported by facility representatives on behalf of survey participants.

⁸ AARP Public Policy Institute analysis of the 2010 MCBS Cost and Use File.

⁹ AARP Public Policy Institute analysis of the 2010 MCBS Cost and Use File.

¹⁰ Centers for Medicare and Medicaid Services, "CMS Announces Major Savings for Medicare Beneficiaries," press release, October 28, 2013, <http://www.cms.gov/Newsroom/MediaReleaseDatabase/Press-Releases/2013-Press-Releases-Items/2013-10-28.html>.

¹¹ Kaiser Family Foundation, "State Health Facts: Number of Dual Eligible Beneficiaries, 2009," table, <http://kff.org/medicare/state-indicator/dual-eligible-beneficiaries/>.

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