

## Health Costs and Coverage for 50-to 64-Year-Olds

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**Adults age 50 to 64 face rising out of pocket costs for health care and declining access to employer-sponsored health coverage. The latest analysis shows nearly one in three adults in this age group live in families that spent at least 10 percent of their after-tax income on health care, compared with 18 percent of adults age 19 to 49.**

Nearly one in five Americans (58 million adults) was between the age of 50 and 64 in 2010—reflecting the aging of the baby boomers. Older adults share many of the same challenges as younger adults when it comes to accessing coverage and care. For older adults, however, the challenges to financial and health security can be greater and longer lasting.

### **Out-of-pocket spending on health care for the 50–64 age group is rising and is much higher than for younger Americans.**

- Nearly one in three of 50- to 64-year-olds spent more than 10 percent of after-tax family income on health care in 2007 compared with 18 percent among 19-49 year olds.
- The share of 50- to 64- year olds spending 10 percent or more on health care reflects a 25 percent increase since 2001.
- Most states allow health insurers to charge higher premiums based on age and health. Chronic health problems and preexisting conditions adversely affect eligibility. Individual market premiums for adults in their early 60s are nearly twice the cost of the average premium for all nonelderly adults.
- Three-quarters of those buying coverage on the individual market spent at least 10 percent of their after-tax family income on health care. Their average out-of-pocket costs for premiums and health care are two and half times more than the costs of those with employer coverage.
- More than half of poor older adults spent 10 percent or more of their after-tax income on health care.

### **Health insurance coverage is declining.**

- The share of uninsured adults age 50 to 64 continues to rise, reaching 8.9 million in 2010—3.7 million more than in 2000.
- The uninsured rates are higher among African American and Hispanic adults age 50–64. One out of three Hispanic and one out of five African American older adults are uninsured.

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- The share of the 50–64 age group with employer coverage declined over the last decade from 71 percent to 65 percent. Roughly three in five uninsured Americans age 50–64 are employed, but many may not be eligible for benefits or work for employers that do not offer coverage.
- Individual health insurance for older adults is hard to get. More than one in five insurance applications from individuals age 50–64 are rejected.

### **Implementation of the Affordable Care Act is expected to provide relief for many older adults.**

Starting in 2014:

- Insurers in the individual market must accept all applicants, including those with preexisting medical conditions.
- The practice of varying premiums by age will continue, but will be restricted.
- Medicaid will cover all non-Medicare eligible U.S. citizens under the age 65 based on income, regardless of whether they have dependent children. This public coverage expansion will particularly benefit poor older adults who previously did not qualify for public coverage and did not have access to or could not afford private insurance.
- Up to 81 percent or 7.3 million of the 8.9 million uninsured 50- to 64-year-olds in 2010 may be eligible for assistance through the exchange or Medicaid in 2014 (projections based on 2010 income).

Older adults without access to employer coverage can face real problems getting coverage from another source. Those with insurance are likely to spend a significantly higher share of household income on health than younger adults, particularly if they obtain health coverage in the private individual market. Many of those who cannot access or afford private coverage and lack eligibility for coverage through public programs will have new options in 2014. Therefore, they have much to gain from implementation of reforms that address access and the cost of health coverage.

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