HEALTH POLICY & ADMINISTRATION
WASHINGTON STATE UNIVERSITY

One Program, Two Populations

A Comparison of Beneficiaries under age 65 and Retirees in Medicare

Jae Kennedy, PhD & Josh Engle, MHPA & Liz Blodgett, MHPA (cand.)
Department of Health Policy and Administration • Washington State University

Younger adults (age 18-64) with disabilities who receive Medicare as part of their Social Security Disability Insurance (SSDI) benefit currently comprise about 17% of the total Medicare population, and have very different sociodemographic, socioeconomic, and health attributes than retirees (aged 65 or over). This fact sheet contrasts younger and older Medicare beneficiaries, using program data from the 2006 Medicare Current Beneficiary Survey (MCBS) Access to Care File and the 2005 Cost and Use File.[1] Younger adults deemed categorically eligible on the basis of end stage renal disease are omitted from comparisons. All reported data are weighted to represent the Medicare program population, and all reported differences are statistically significant ($p < .01$).

Medicare program history

The Medicare program was established in 1965, and eligibility for Medicare benefits was extended to disabled workers in 1972. Medicare Part A covers inpatient hospital, skilled nursing facility, and hospice care. Part B is a voluntary benefit that covers physician, outpatient, and preventive services. Part C, the Medicare Advantage program, was created in 1997 and allows Medicare beneficiaries to enroll in private HMOs. Part D, established in 2006, is a voluntary benefit which provides outpatient prescription drug insurance through private drug plans.[2]

NIDRR
About this study
Project Title: Assessing the Impact of Medicare D on SSDI Beneficiaries
Principal Investigator: Jae Kennedy, PhD
Project Number: H133G070055
Funding Agency:
National Institute on Disability & Rehabilitation Research
Budget: FY 07 $199,955; FY 08 $199,706; FY 09 $199,830
The interpretation of this analysis does not necessarily represent the policy of the Department of Education and is not endorsed by the federal government.
www.spokane.wsu.edu/Academics/Health_Sciences/HPA/medicare/

Social Security Disability Insurance program history

Established in 1956, SSDI provides cash benefits to over 7.8 million American workers and their families.[3] Applicants must go through a multi-stage evaluation to demonstrate "the inability to engage in any substantial gainful activity because of a medically determinable impairment." Initial review of applications takes about four months, and more than half of the applications are denied. Appeals, which can take a year or longer, push the eventual allowance rate for applicants to about 62%.

SSDI beneficiaries become eligible for Medicare 24 months after they are deemed eligible for Social Security benefits. Roughly 19% of SSDI beneficiaries are currently in this waiting period, and 25-33% of those beneficiaries have no health insurance.[4,5]

Medicare enrollment trends

Compared to retirees, the number and proportion of younger adults in the Medicare program has grown more rapidly and erratically, due to regulatory and administrative changes in the SSDI program[6] and to fluctuations in the labor market (see figure 1). In 1988, about 3.1 million younger adults received Medicare (9.4% of all enrollees), but by 2008, the number had jumped to 7.7 million (17.0% of all enrollees).[7]

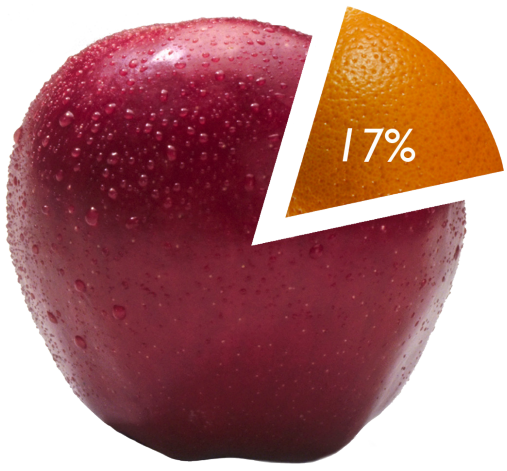
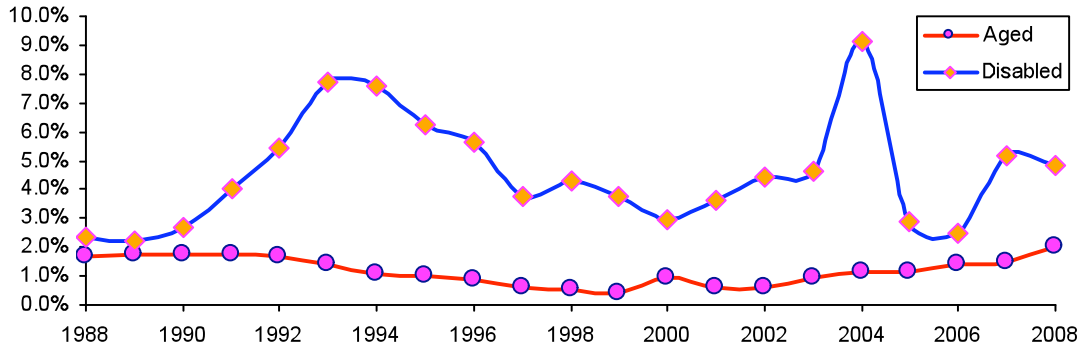


Figure 1. Annual enrollment growth rates for younger (18-64) and older (65+) Medicare beneficiaries, 1988-2008



Differences between Medicare beneficiaries under age 65 and retirees

Sociodemographic attributes

According to estimates derived from the 2006 MCBS, about 6.6 million adults under age 65 receive Medicare. Within this group, less than half (47.2%) are near retirement age (55-64). Compared to retirees, beneficiaries under age 65 are more likely to be male (51.9% vs. 42.6%), black or African American (17.8% vs. 7.8%), and Hispanic or Latino (10.3% vs. 7.1%). Younger beneficiaries are less likely to be married than retirees (41.5% vs. 56.2%), limiting social and economic support.

Socioeconomic status and health insurance coverage

Beneficiaries under age 65 are less likely to have a college degree than retirees (14.4% vs. 21.4%). They are also much more likely to be poor than retirees (67.5% have annual incomes of less than $20,000, compared to 38.4% of older Medicare beneficiaries). Because of their lower incomes, younger beneficiaries are much more likely than retirees to be eligible for Medicaid as well as Medicare insurance coverage (42.6% vs. 11.5%).

Health and disability status

Beneficiaries under age 65 are much more likely to describe their health as fair or poor (57.5% vs. 20.9%) and report limitations in one or more basic activities of daily living (29.8% vs. 15.0%). Nearly 90% of both age groups reported being diagnosed with one or more chronic conditions, but the specific conditions varied by age group. Of particular note is the relatively high rate of psychiatric conditions in the younger population (45.9% vs. 11.8%).

Health care access

Beneficiaries under age 65 were more likely than retirees to report no usual source of care (7.8% vs. 4.2%). Younger beneficiaries were also significantly more likely to report difficulty in obtaining needed medical care (13.6% vs. 3.0%) and delaying needed care due to cost (24.7% vs. 5.7%).

Total medical costs

Average total annual medical costs are similar for younger beneficiaries and retirees ($14,466 vs. $13,611).

Hospitalization rates

Rates of hospitalization for younger beneficiaries are also similar to retirees (23.2% vs. 21.7%).

Prescription medication costs

Average annual prescription medication costs are significantly higher for younger beneficiaries than older beneficiaries ($3,221 vs. $2,060).

Conclusion

Younger Medicare beneficiaries are a distinct population with poorer health, more frequent and severe activity limitation, and lower levels of income and education than retirees. This translates into higher demand for health services, but more frequent problems with accessing these services. The impact of any Medicare reform measures should be independently assessed for this important group.

References

1. Centers for Medicare and Medicaid Services. Medicare Current Beneficiary Survey (MCBS). Minneapolis: Research Data Assistance Center; 2006.
2. Kaiser Family Foundation. Medicare at a Glance. Menlo Park; 2008 February.
3. Social Security Administration. Annual Statistical Supplement, 2008. Washington DC: US Department of Health and Human Services; 2009.
4. Riley GF. The cost of eliminating the 24-month Medicare waiting period for Social Security disabled-worker beneficiaries. Med Care 2004;42:387-94.
5. Dale SB, Verdier JM. Elimination of Medicare's waiting period for seriously disabled adults: Impact on coverage and costs. The Commonwealth Fund; 2003.
6. Autor DH, Duggan MG. The growth in the Social Security Disability rolls: A fiscal crisis unfolding. Journal of Economic Perspectives 2006;20:71-96.
7. Centers for Medicare and Medicaid Services. Medicare Enrollment: National Trends; 2009.