


*Medicare Beneficiary Out-of-Pocket Spending
Based on Medicare Current Beneficiary Survey, 2005 Data*

June 2009



Note: Unless otherwise noted, data reflect beneficiaries in the traditional Medicare program. In addition, data reflect payments for both health care services covered by Medicare and those not covered by Medicare, such as dental and vision.



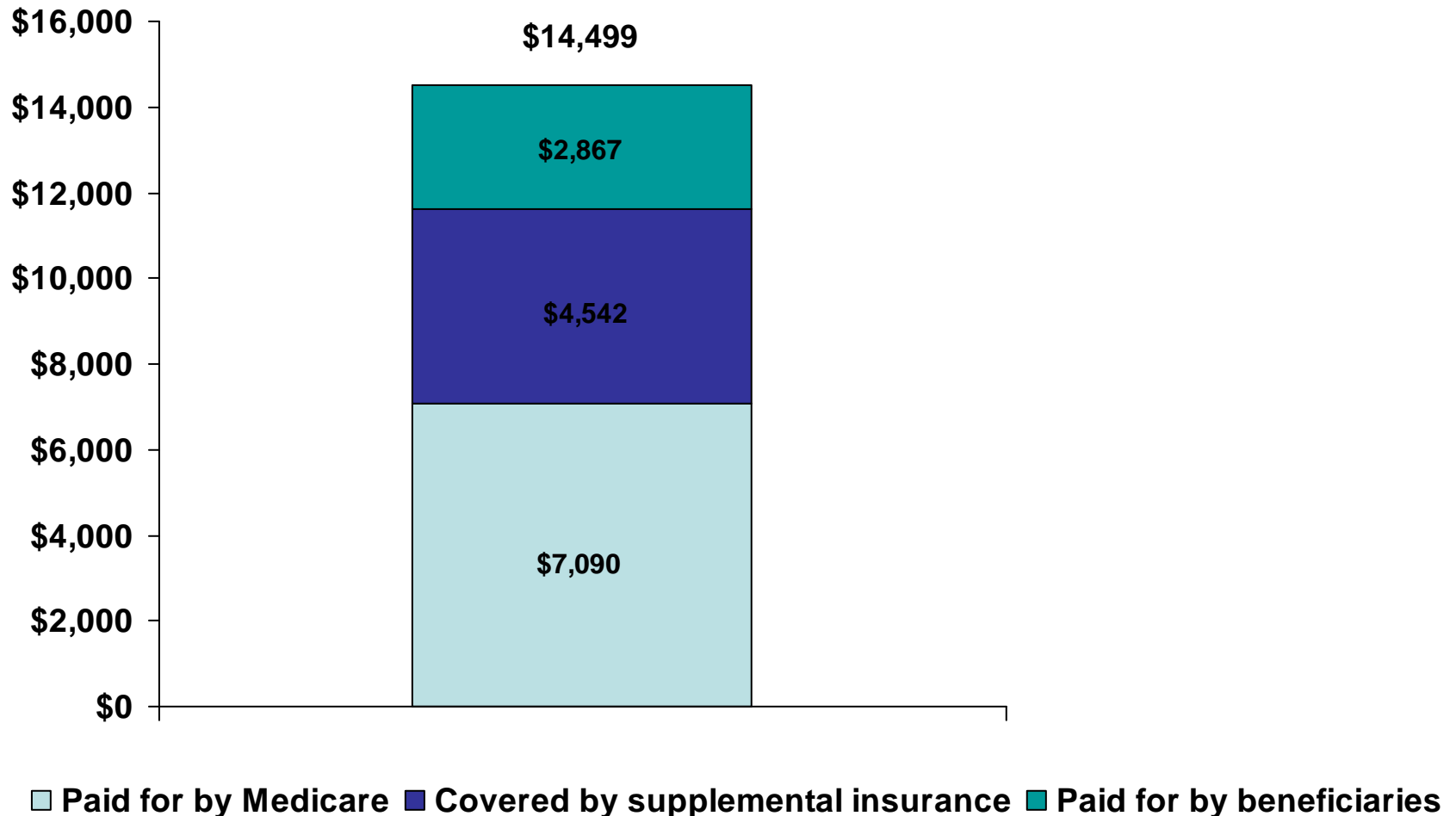
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- Total spending on health care services
- Out-of-pocket spending on health care services and premiums

TOTAL HEALTH CARE SPENDING

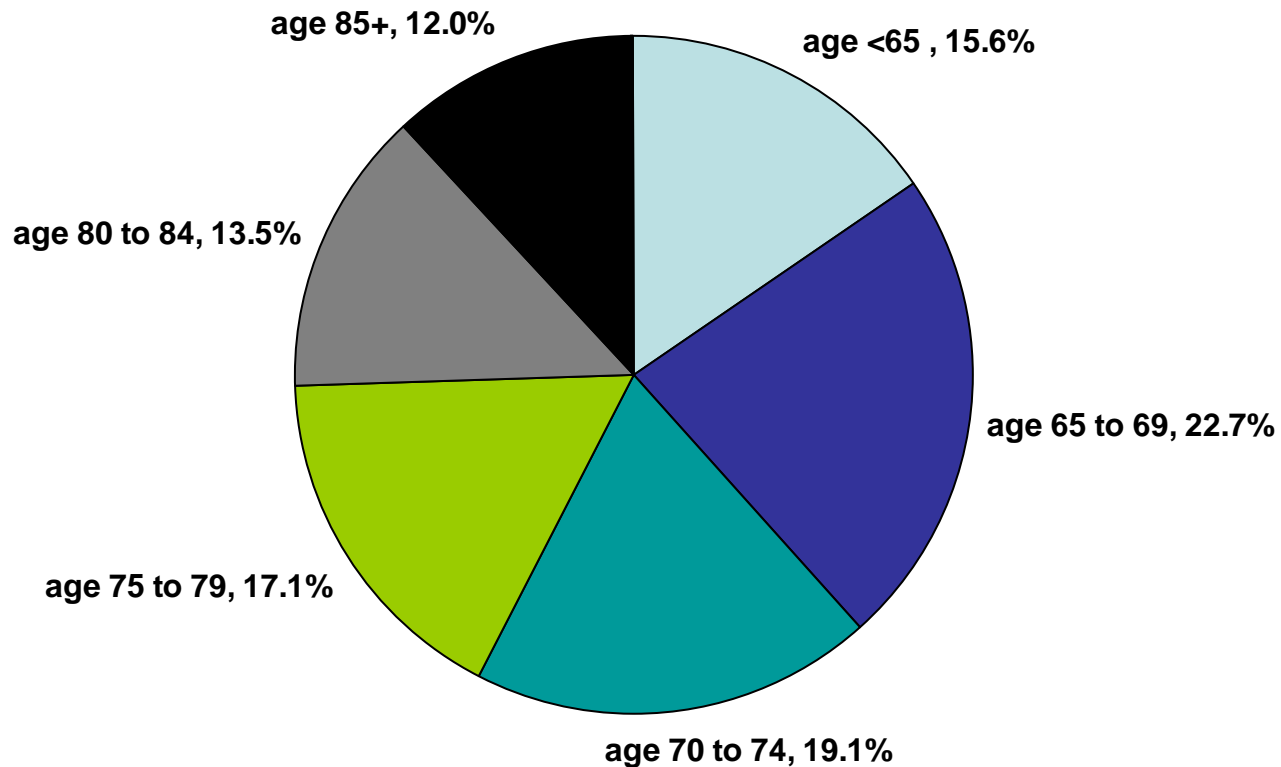
Note: Total spending includes payments from all sources for health care services.

Average health care spending was \$14,499 among Medicare beneficiaries

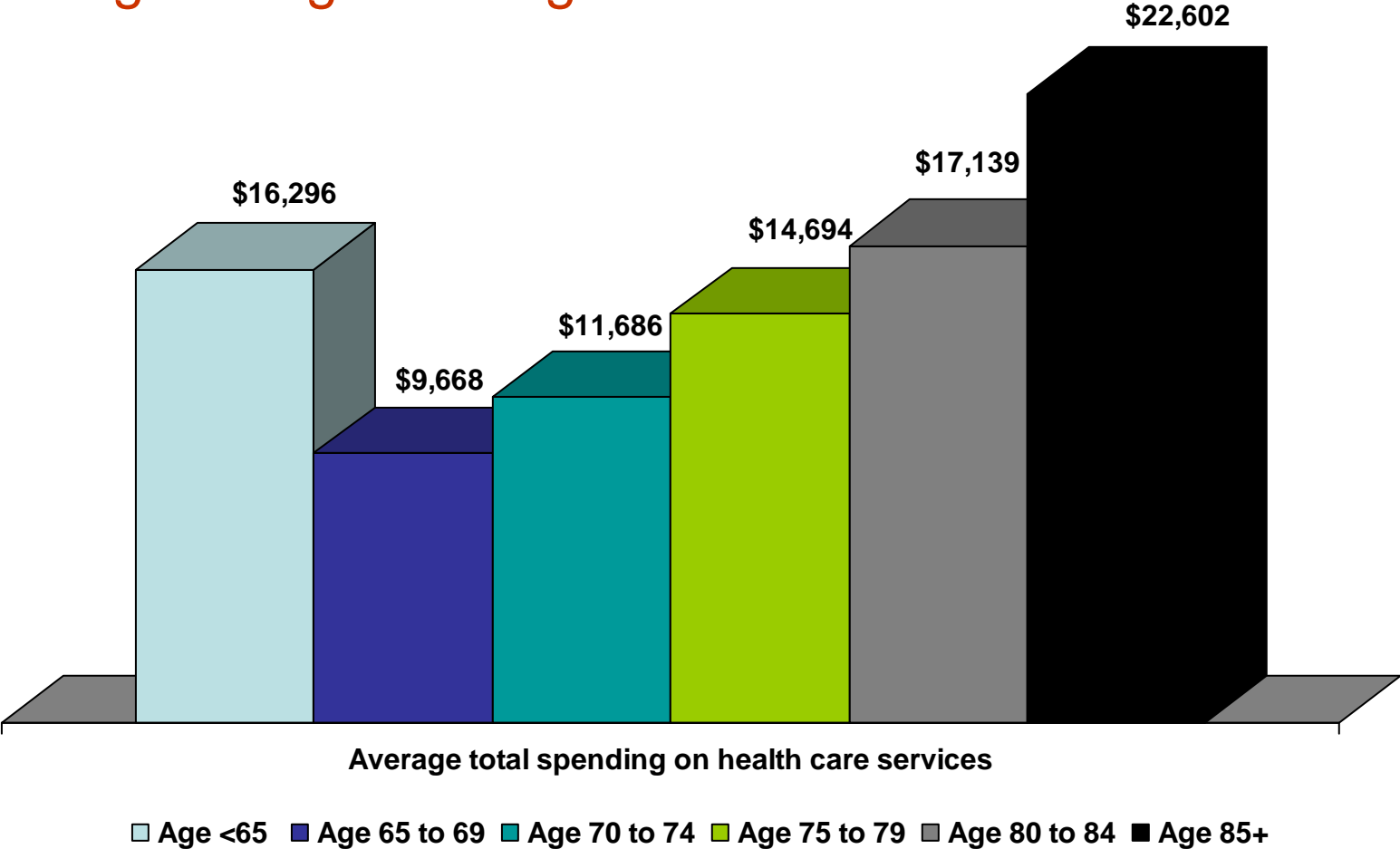


Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 2B FFS.
Note: Data reflect spending prior to Medicare Part D implementation.

Nearly 16 percent of Medicare beneficiaries were under age 65, and 12 percent were age 85 or older

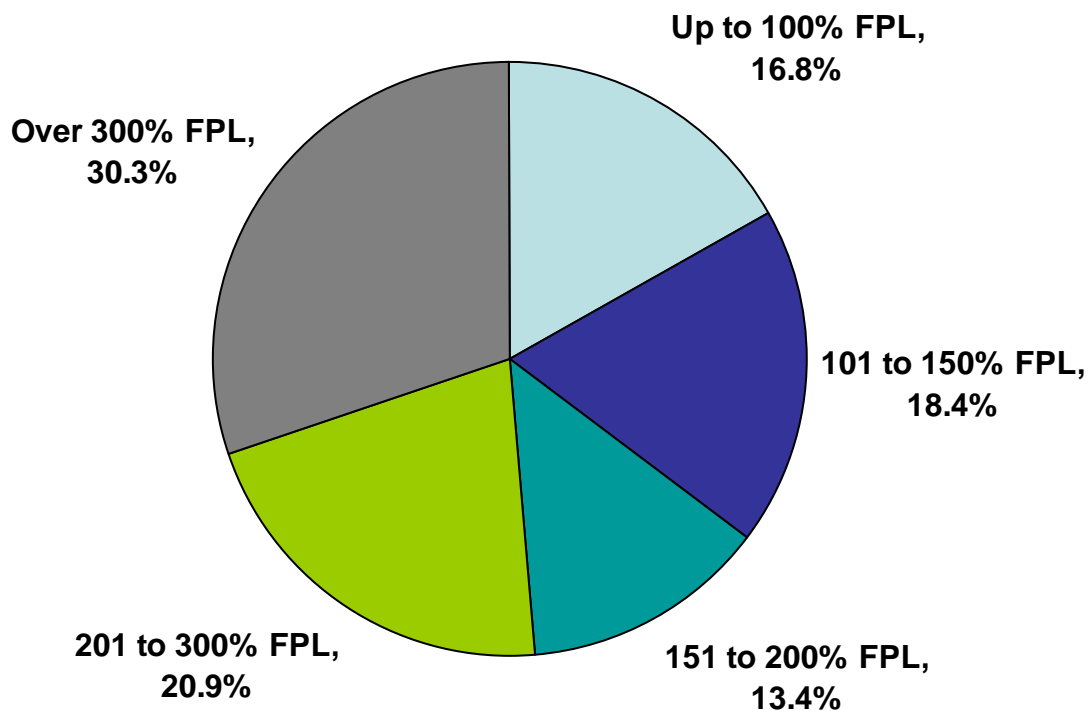


Health care spending among Medicare beneficiaries age 85+ was twice as much as spending among those ages 65 to 74

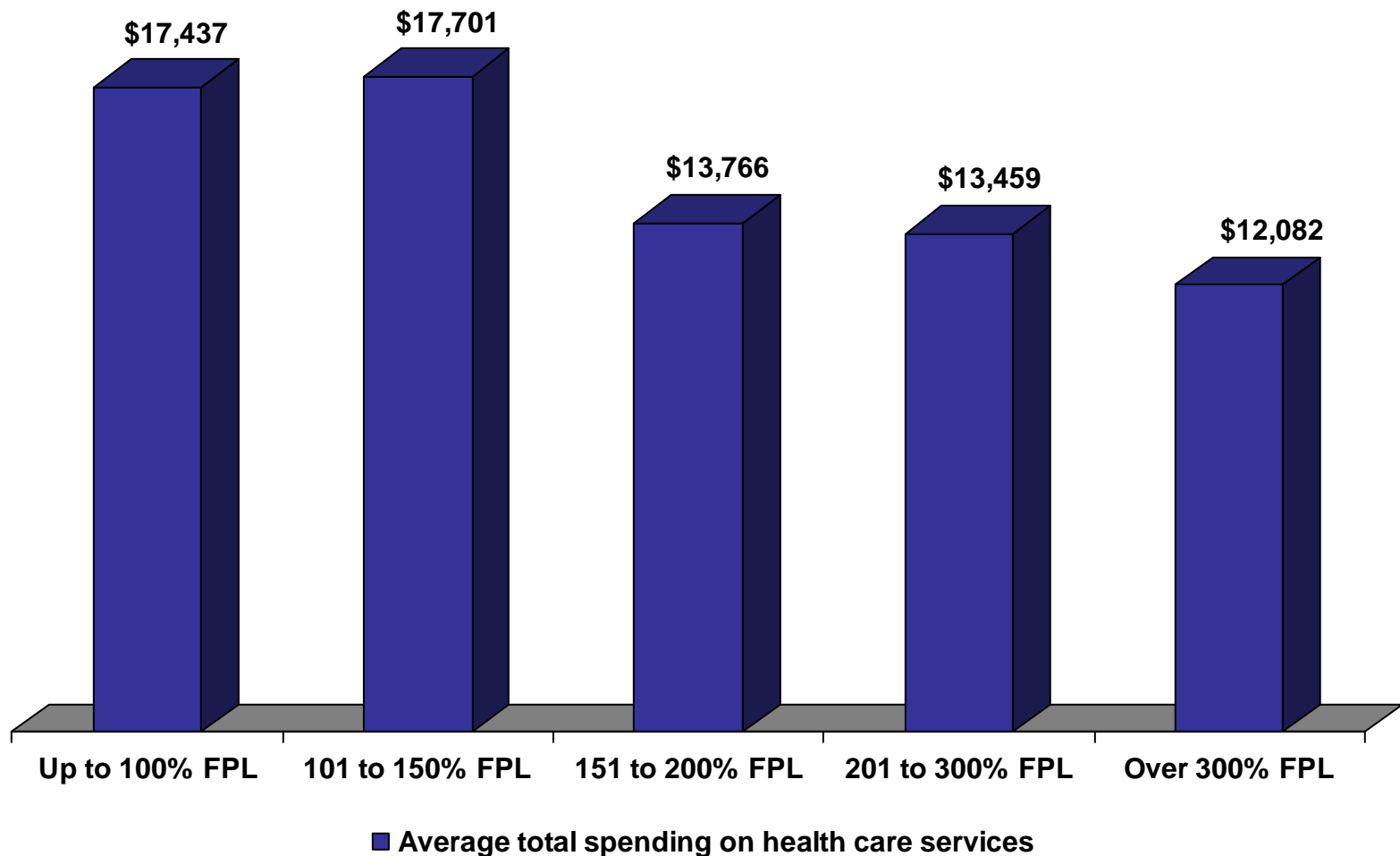


Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 2B FFS.
Note: Data reflect spending prior to Medicare Part D implementation.

More than a third of Medicare beneficiaries lived below 150 percent of the federal poverty level

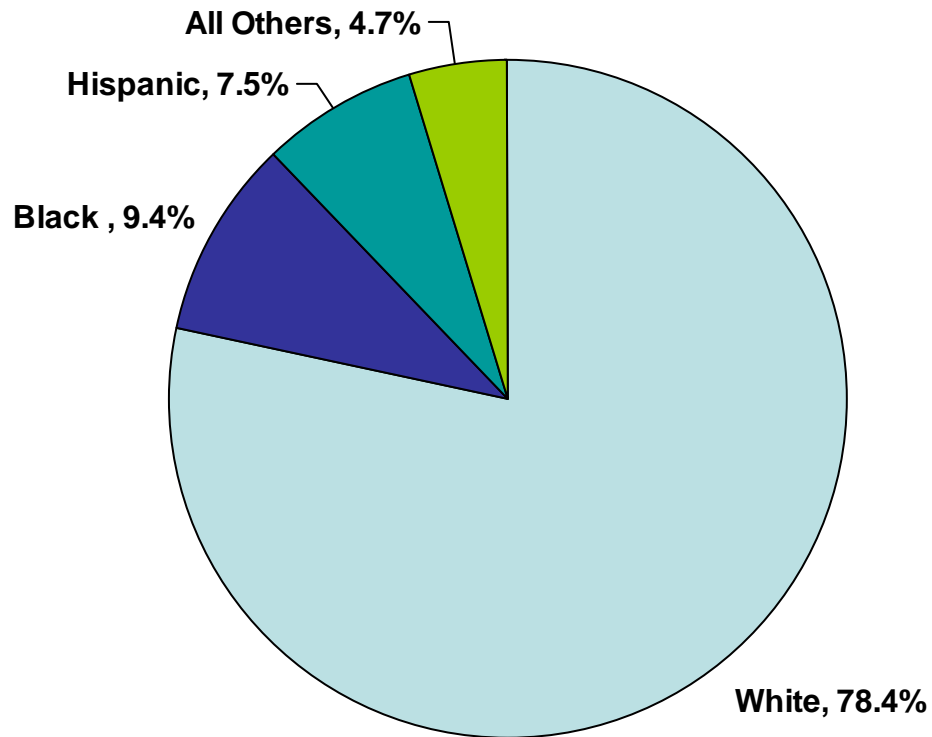


Poorer Medicare beneficiaries had higher spending on average

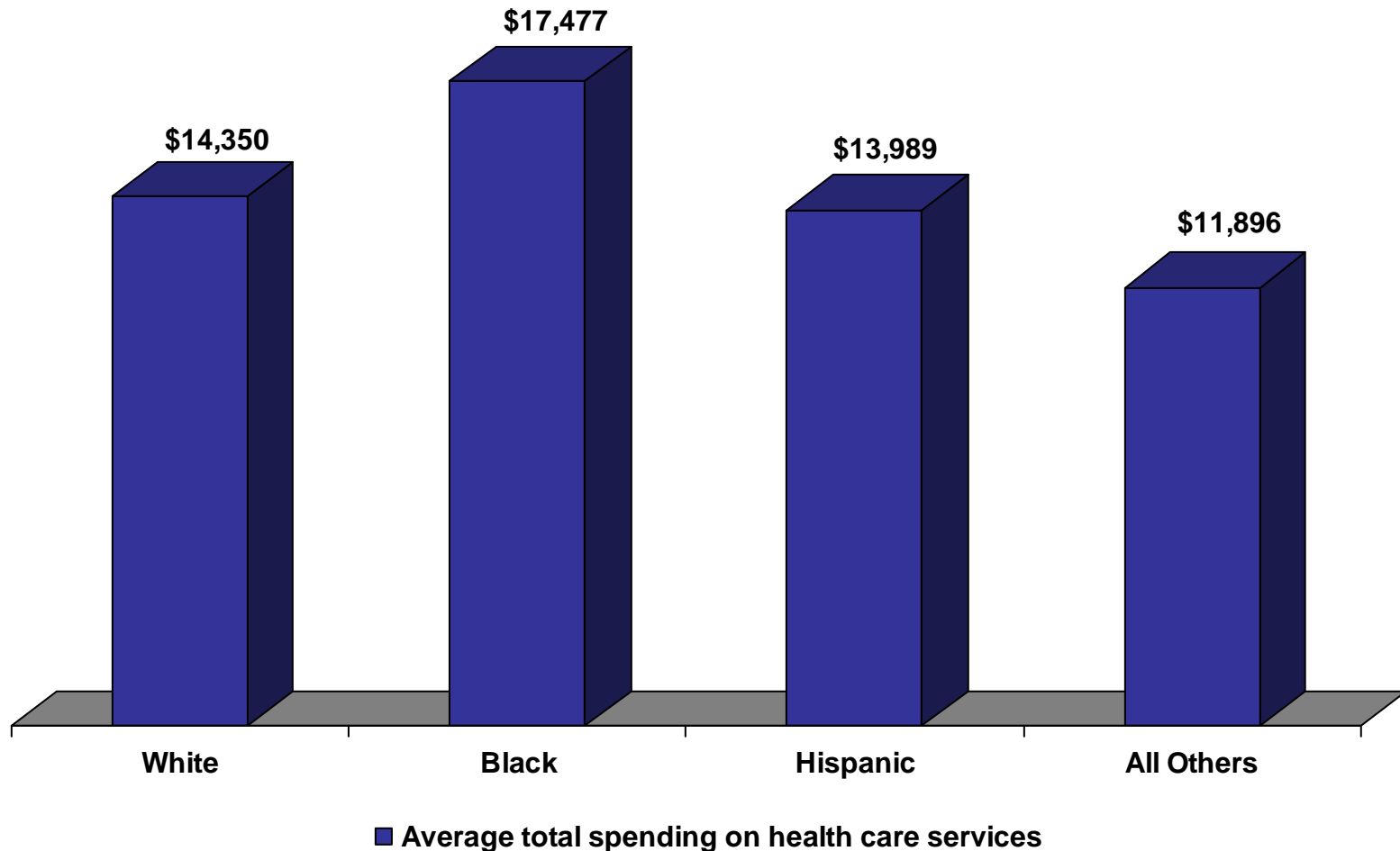


Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 2B FFS.
Note: Data reflect spending prior to Medicare Part D implementation.

The vast majority of Medicare beneficiaries were white

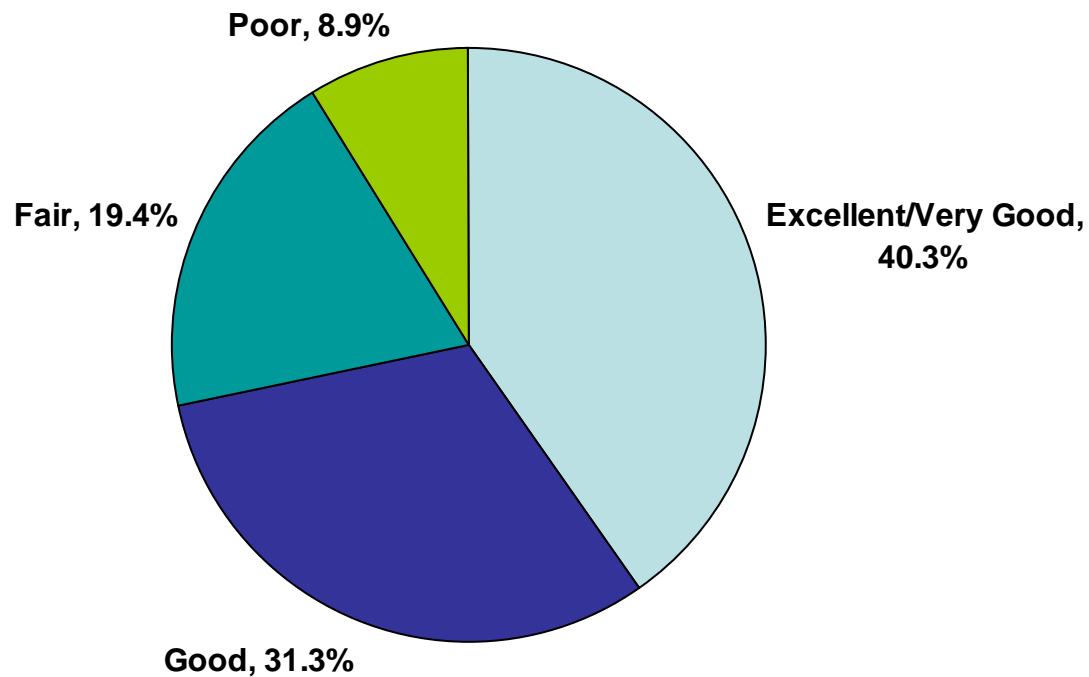


Black Medicare beneficiaries had higher spending than their counterparts

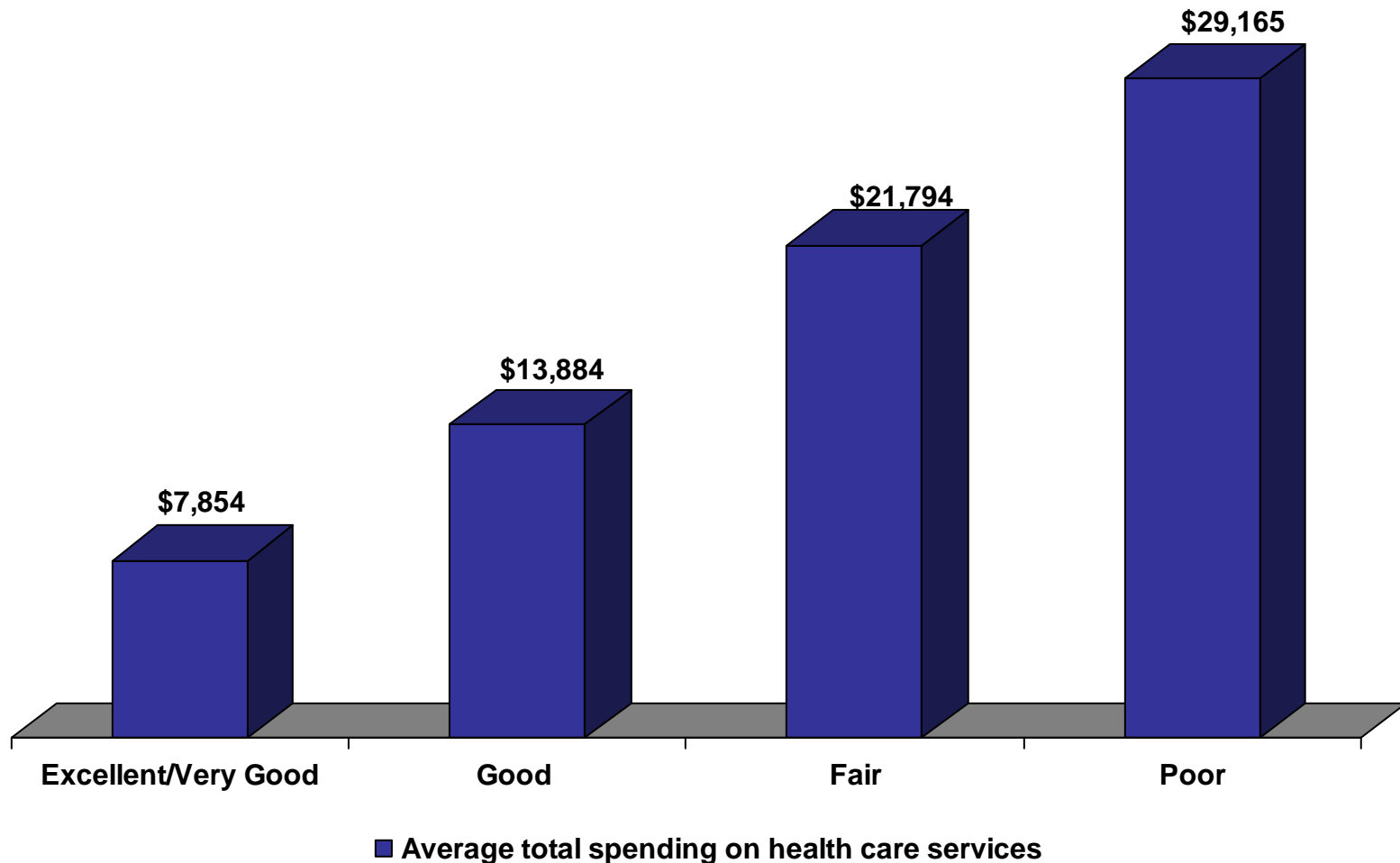


Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 2B FFS.
Note: Data reflect spending prior to Medicare Part D implementation.

Seventy-one percent of Medicare beneficiaries report being in good, very good, or excellent health

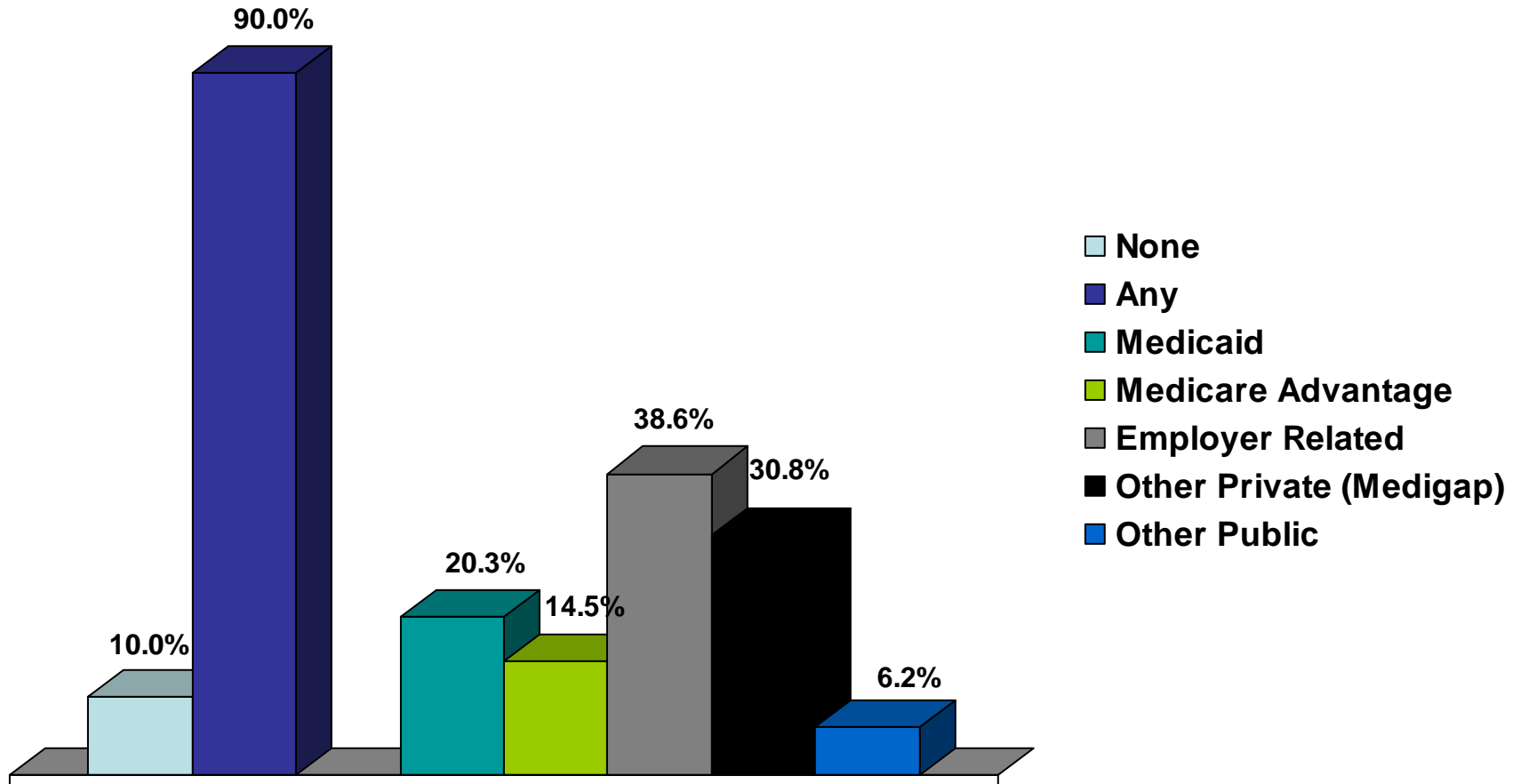


Medicare beneficiaries in poor health spent almost four times more than those in excellent or very good health

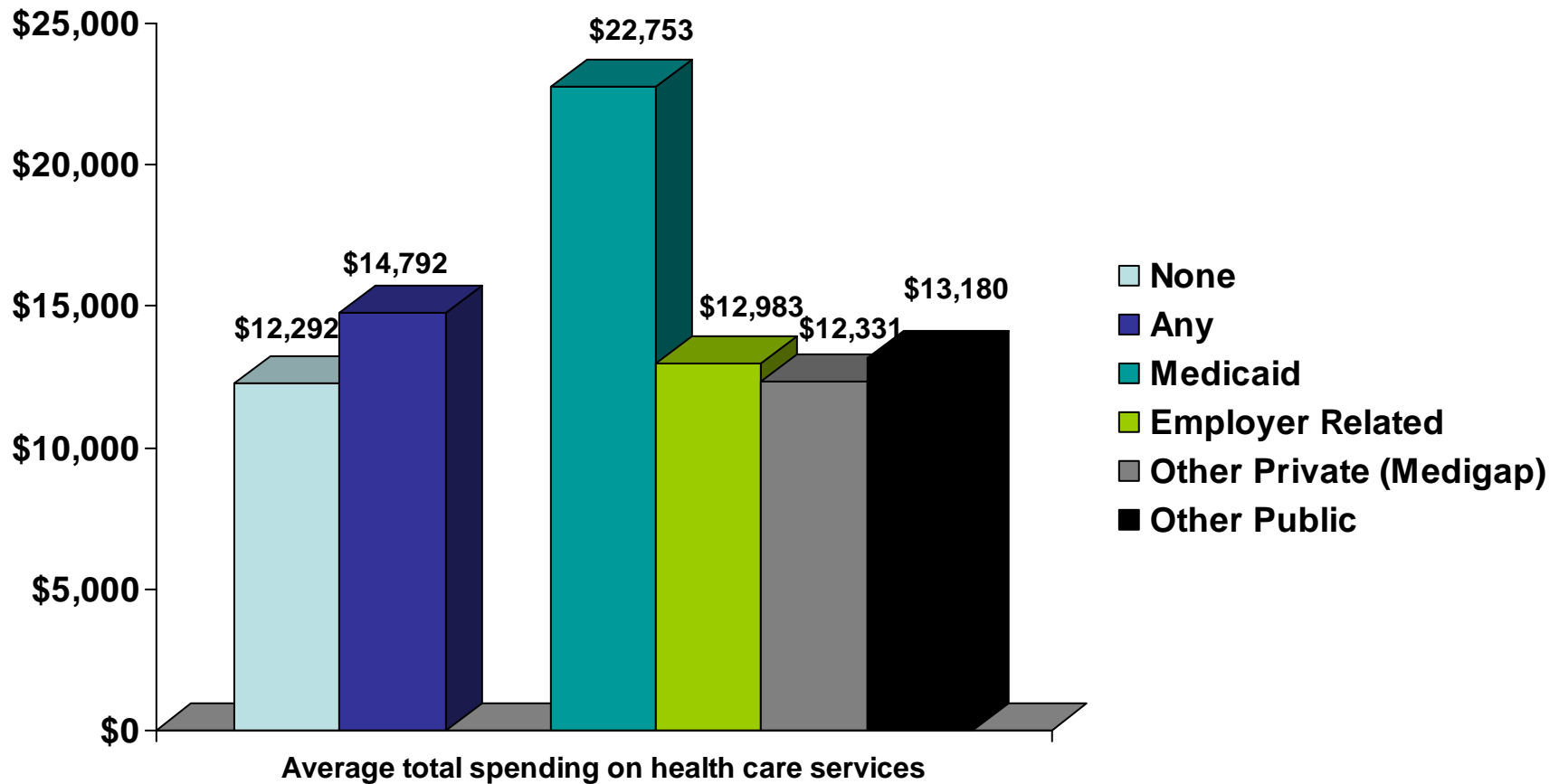


Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 2B FFS.
Note: Data reflect spending prior to Medicare Part D implementation.

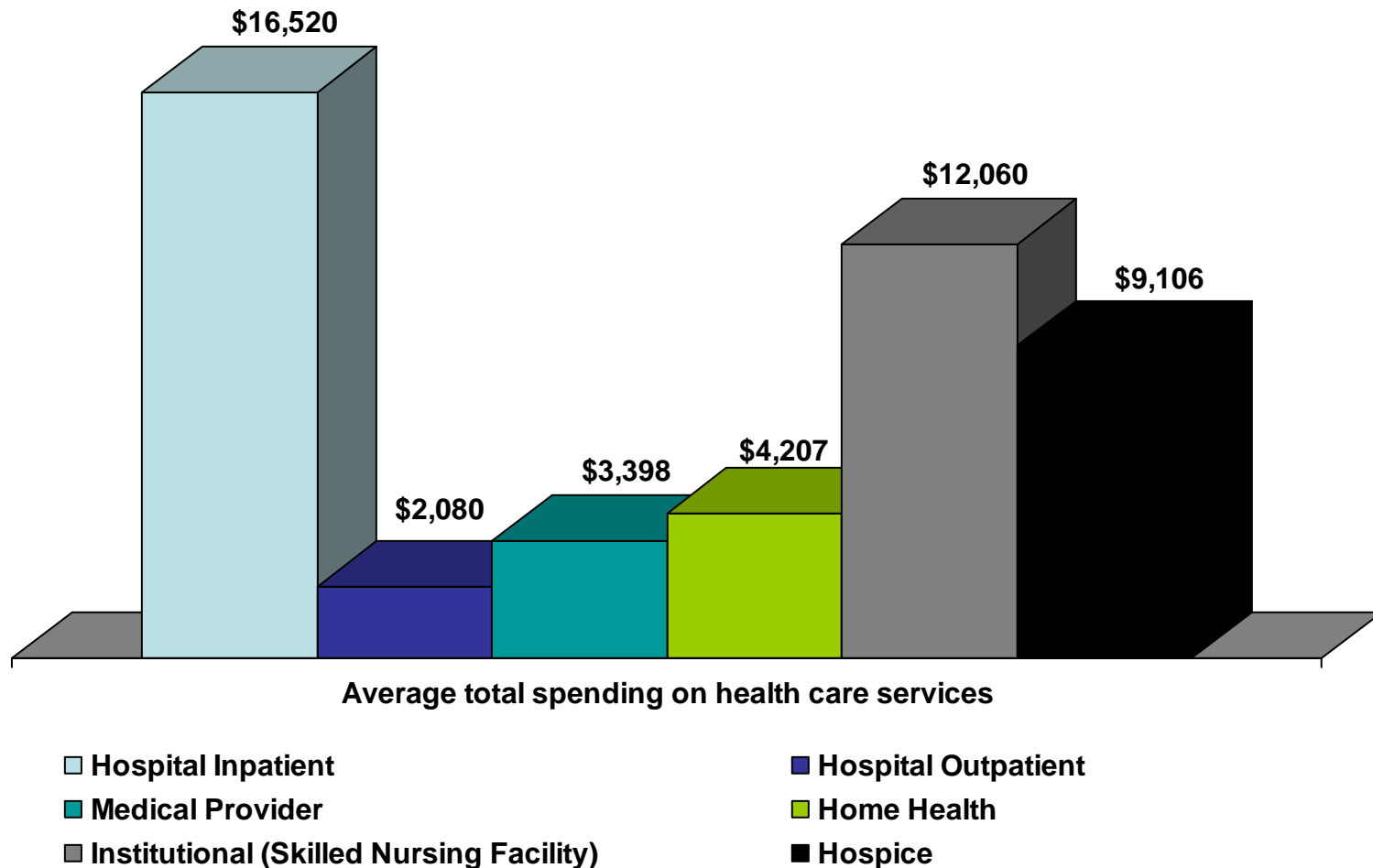
Ninety percent of Medicare beneficiaries had some sort of supplemental insurance



Spending was highest for Medicare beneficiaries with Medicaid supplemental coverage (duals)

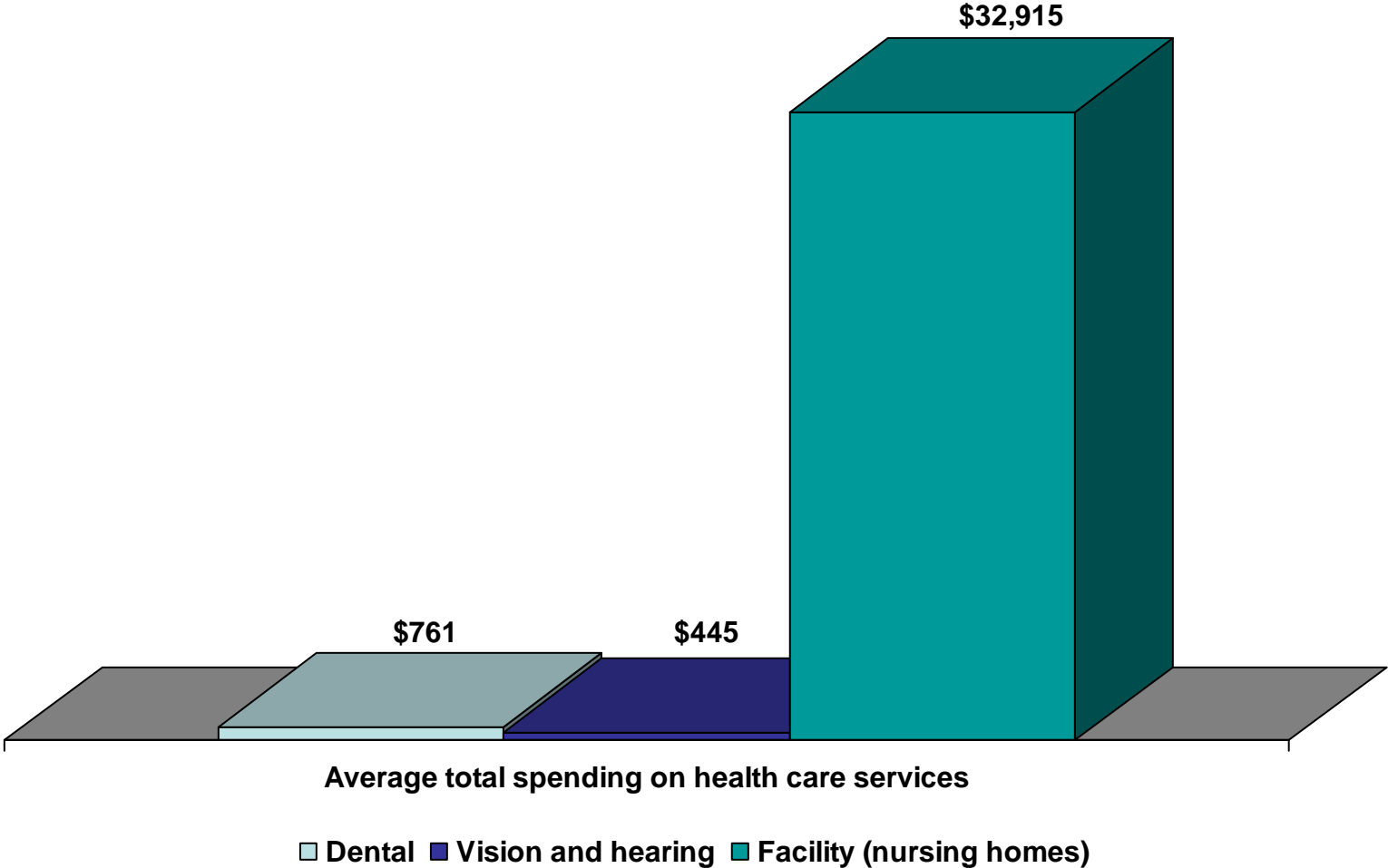


Among users of Medicare covered services, spending was highest for hospital inpatient care



Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 3B.
Note: Data reflect spending prior to Medicare Part D implementation.

Among users of services not covered by Medicare, spending was the highest for nursing homes

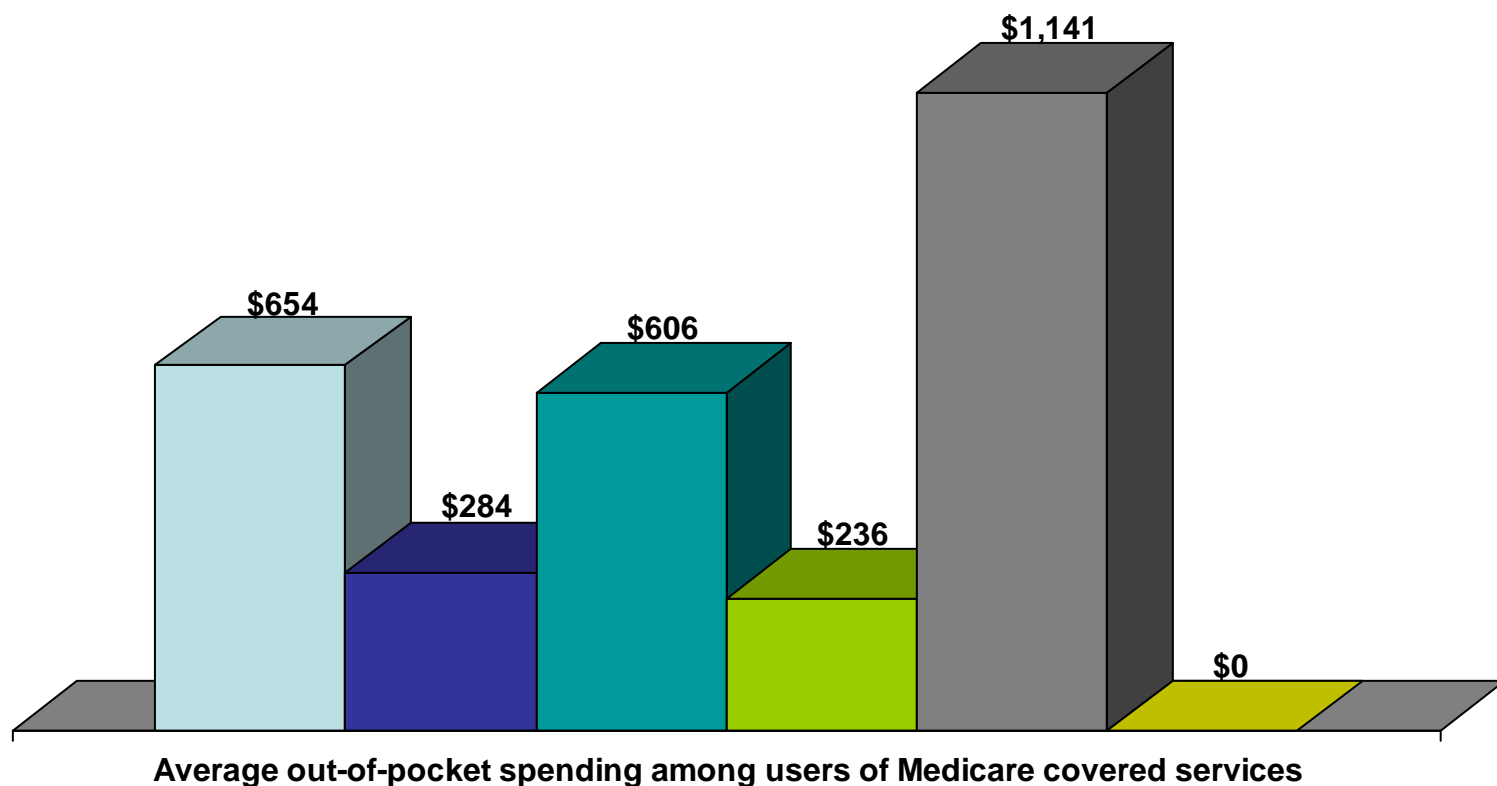


Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 3B User Based.
Note: Data reflect spending prior to Medicare Part D implementation.

OUT-OF-POCKET SPENDING

Note: Beneficiary out-of-pocket spending captures spending on health care services.

For Medicare covered services, average out-of-pocket spending was highest among users of skilled nursing facilities



□ Hospital Inpatient

■ Medical Provider

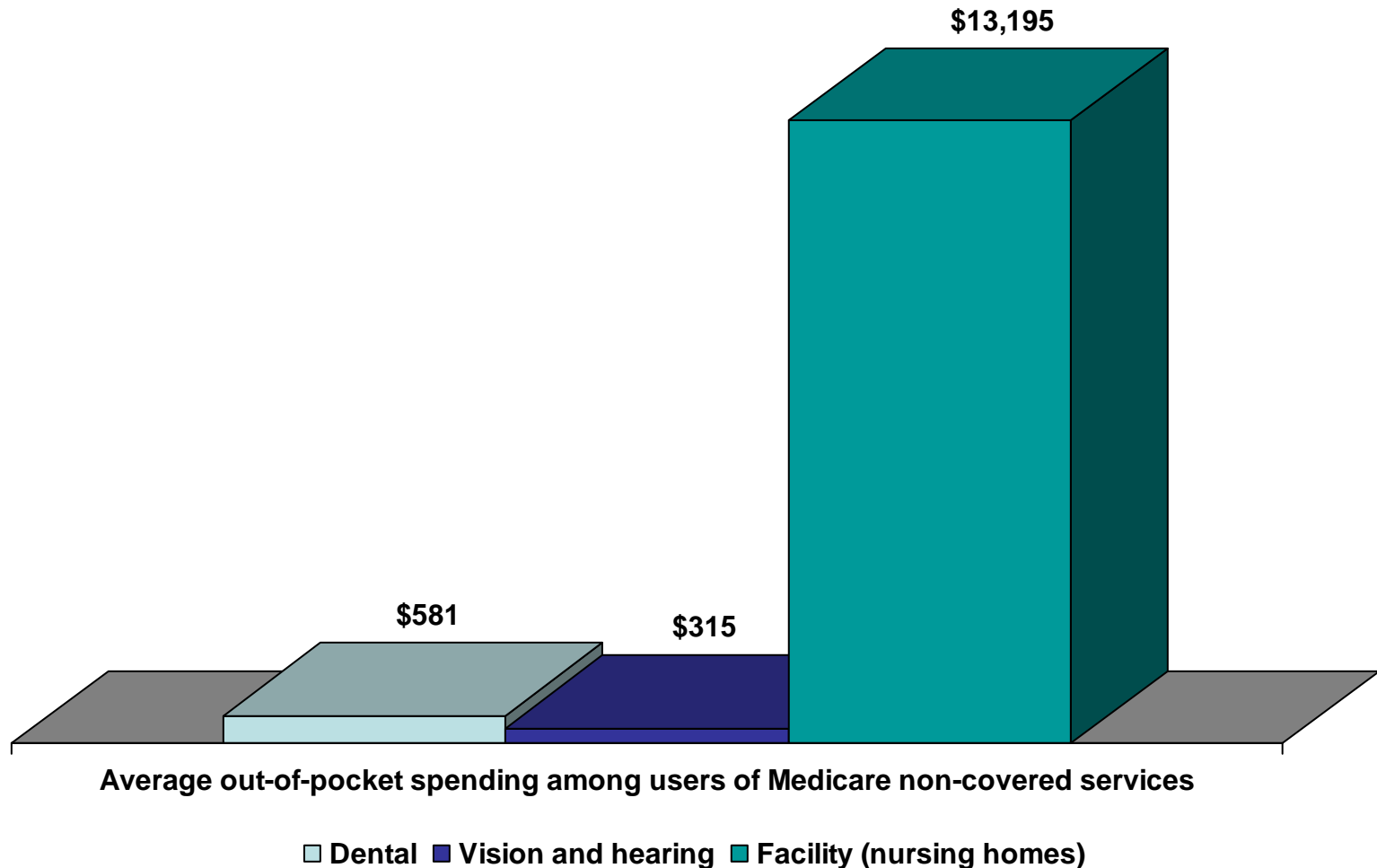
■ Institutional (Skilled Nursing Facility)

■ Hospital Outpatient


■ Home Health

■ Hospice

For services not covered under Medicare, average out-of-pocket spending is highest among users of nursing homes

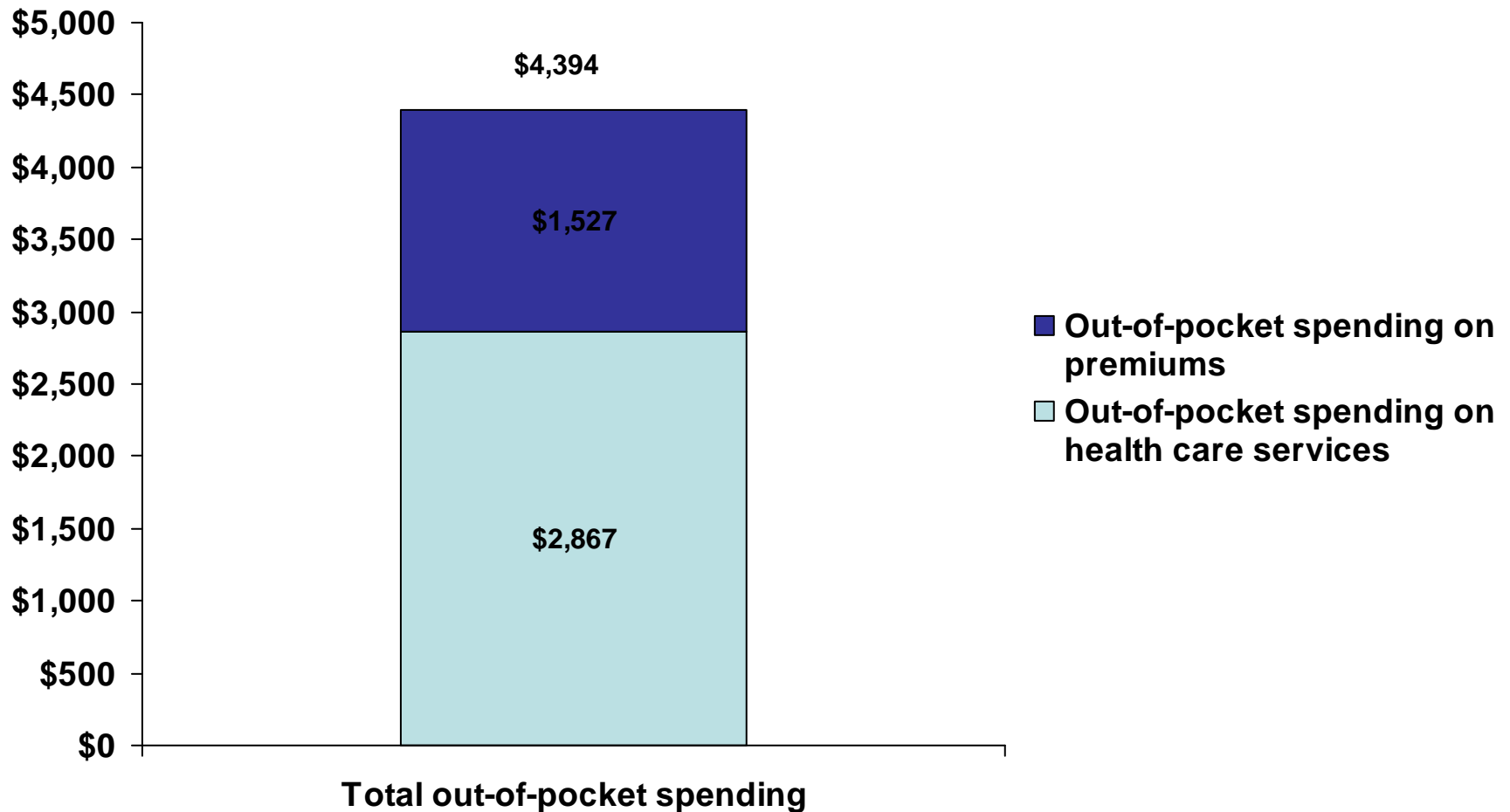


Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 3B User Based.
Note: Data reflect spending prior to Medicare Part D implementation.

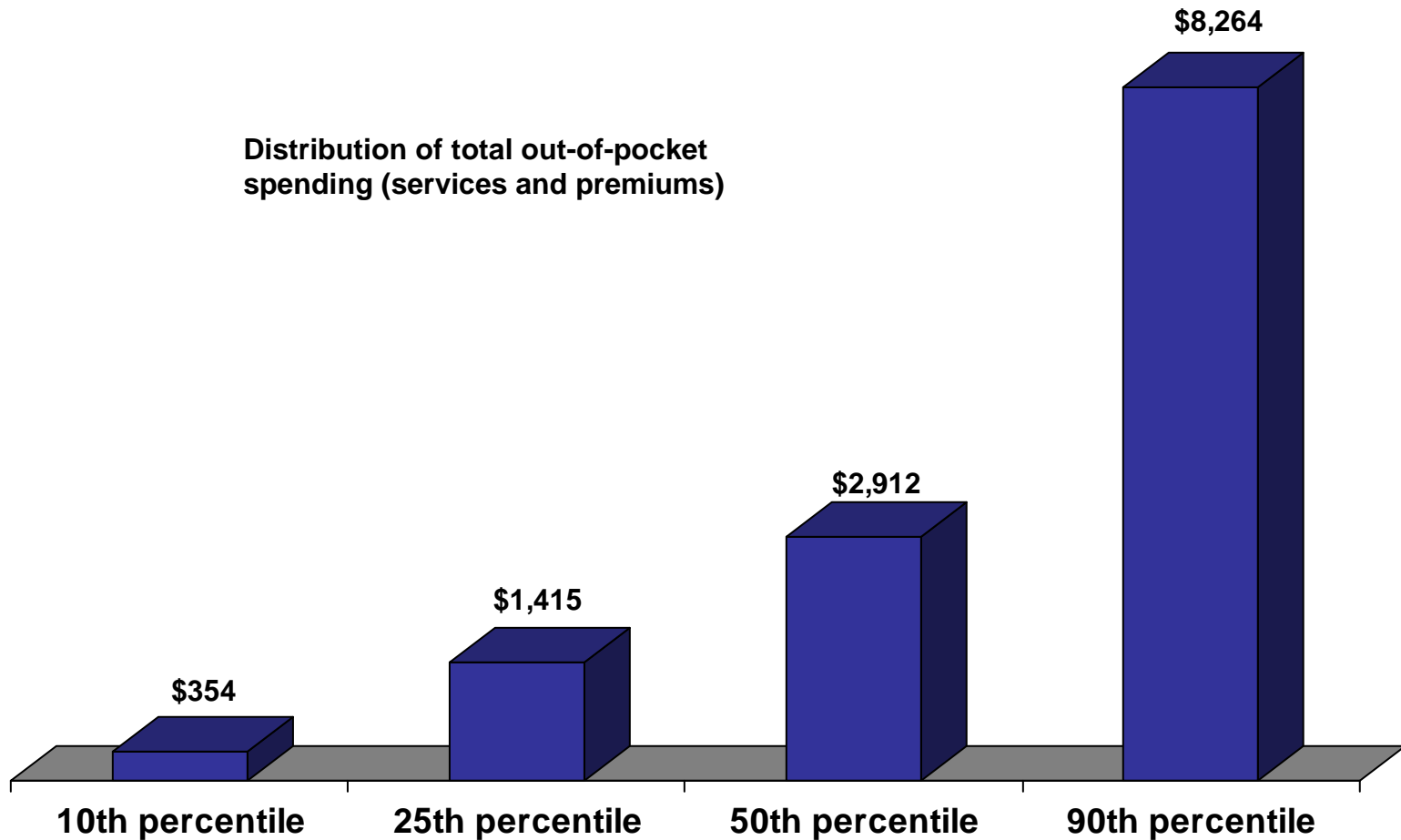


Note: Total out-of pocket spending captures spending on health care services **and** insurance premiums.

Average total out-of-pocket spending among Medicare beneficiaries was \$4,394

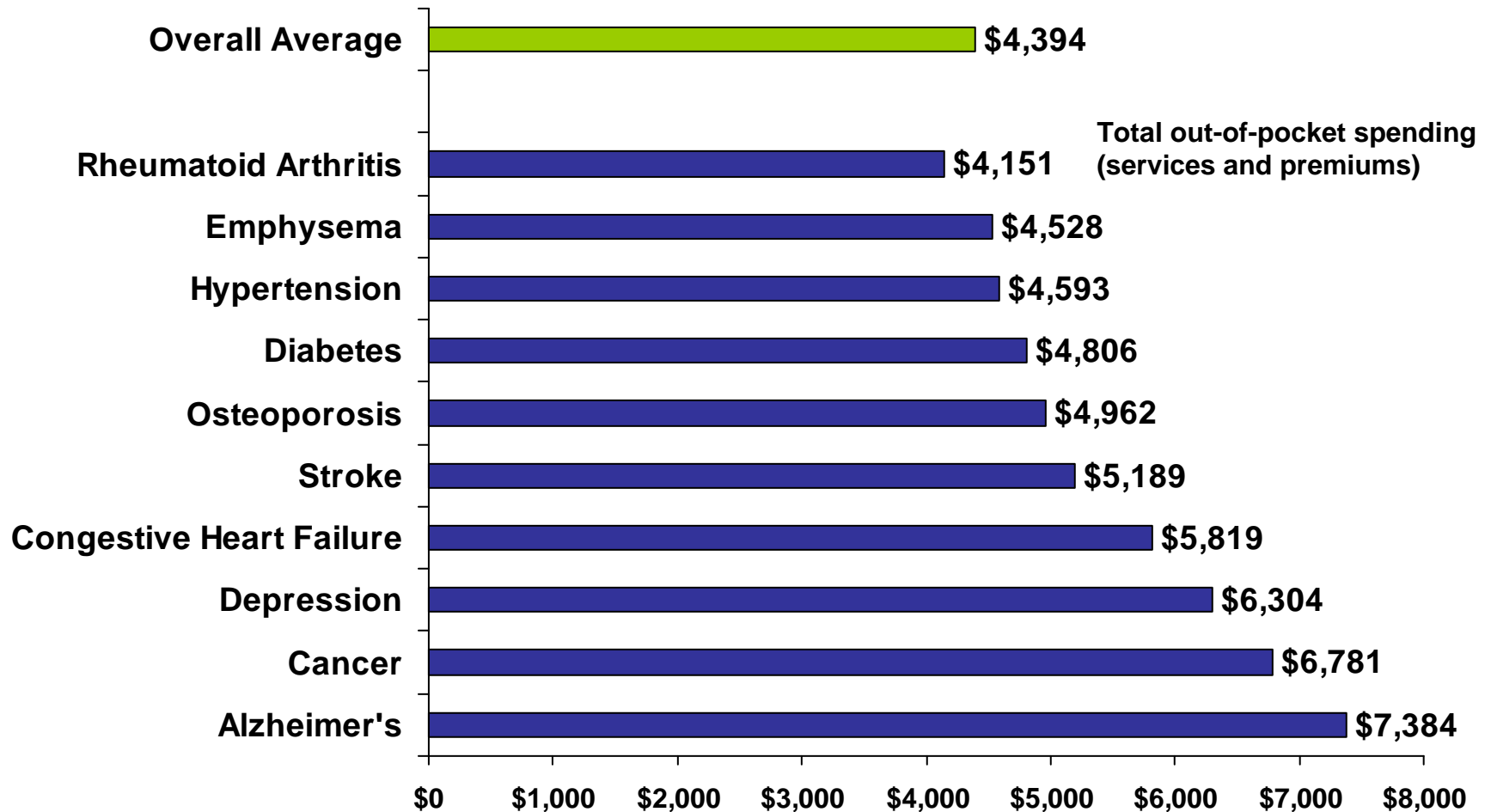


Most Medicare beneficiaries had much lower total out-of-pocket spending, but a few had much higher




Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 2B FFS.
Note: Data reflect spending prior to Medicare Part D implementation.

Average total out-of-pocket spending varied by chronic condition

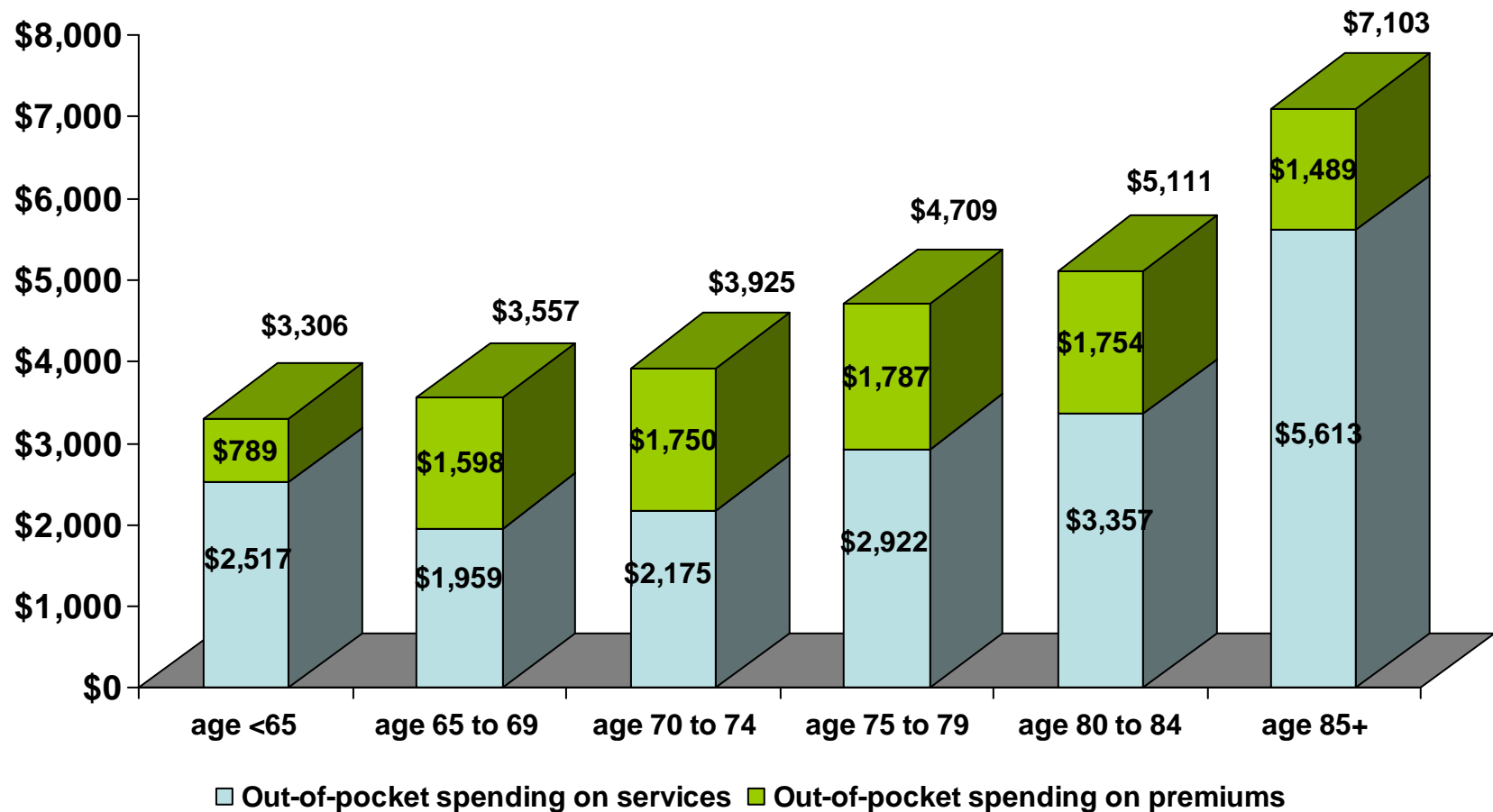


Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 2B FFS.
Note: Data reflect spending prior to Medicare Part D implementation.



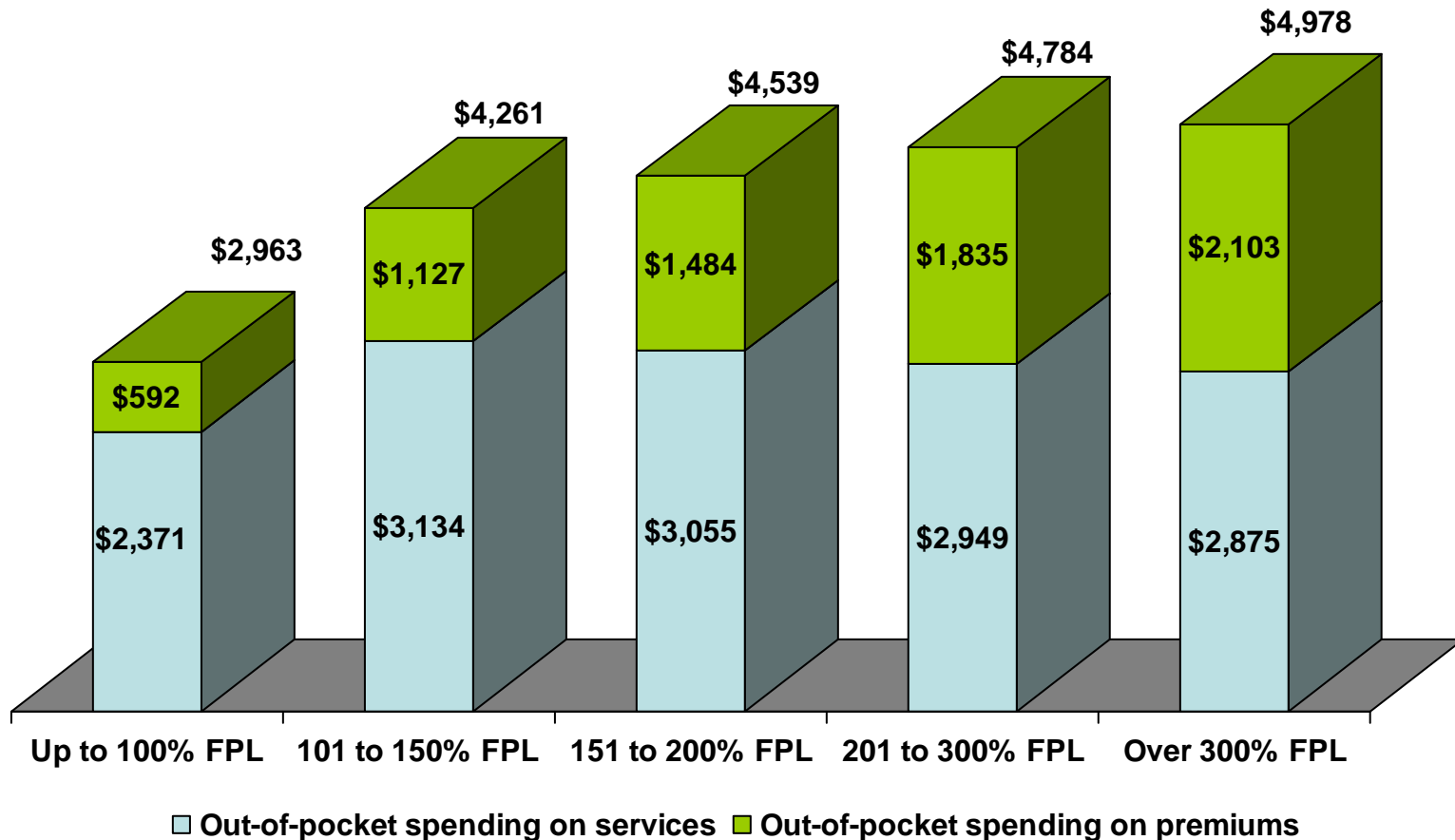
Total out-of-pocket spending depends in part on demographics and health status.

Average total out-of-pocket spending rose with age



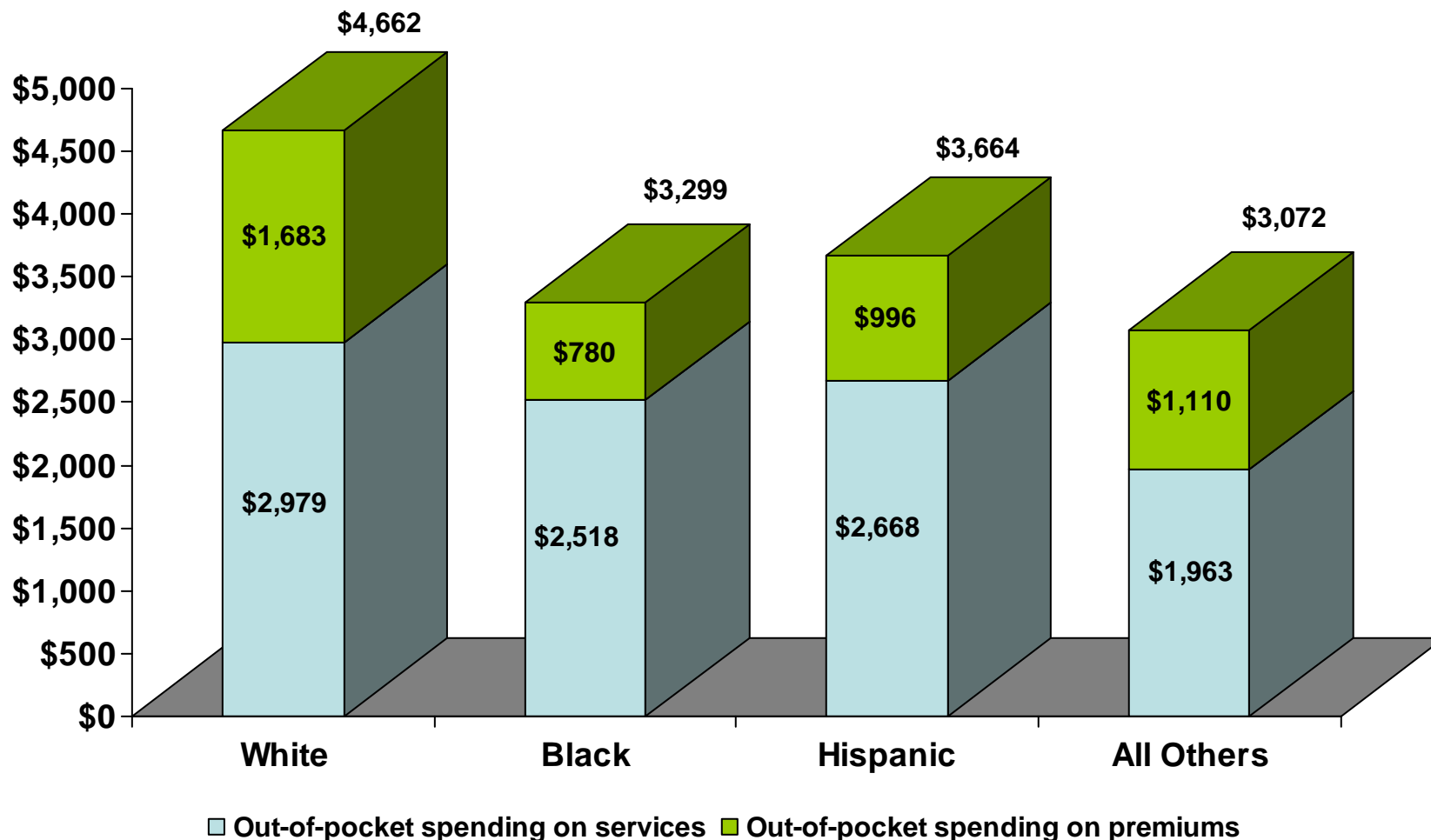
Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 2B FFS.
Note: Data reflect spending prior to Medicare Part D implementation.

As income increased, total out-of-pocket spending also increased

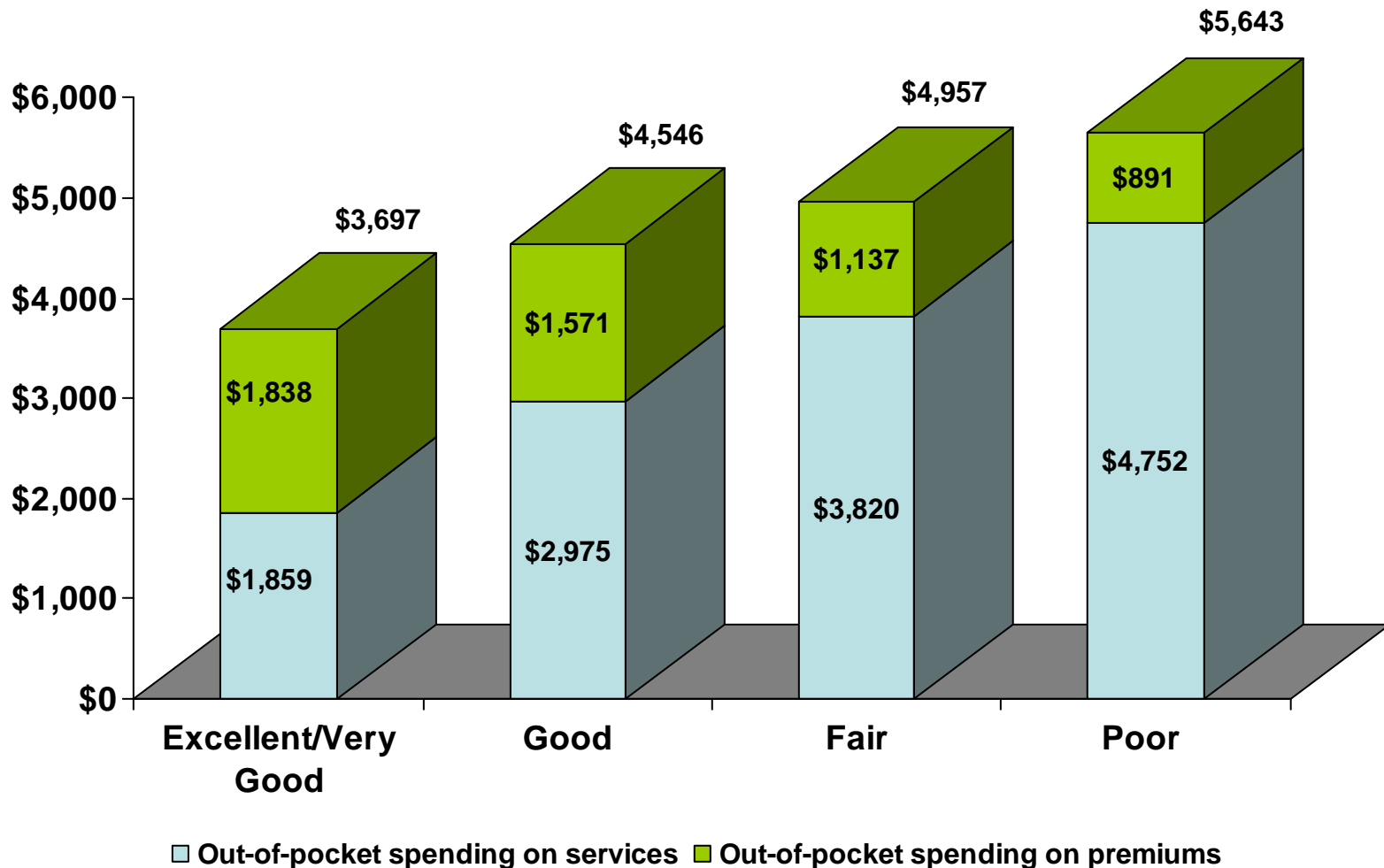


Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 2B FFS.
Note: Data reflect spending prior to Medicare Part D implementation.


By race, white beneficiaries spent more out-of-pocket in premiums than other groups



Total out-of-pocket spending on health care services increased as health status declined

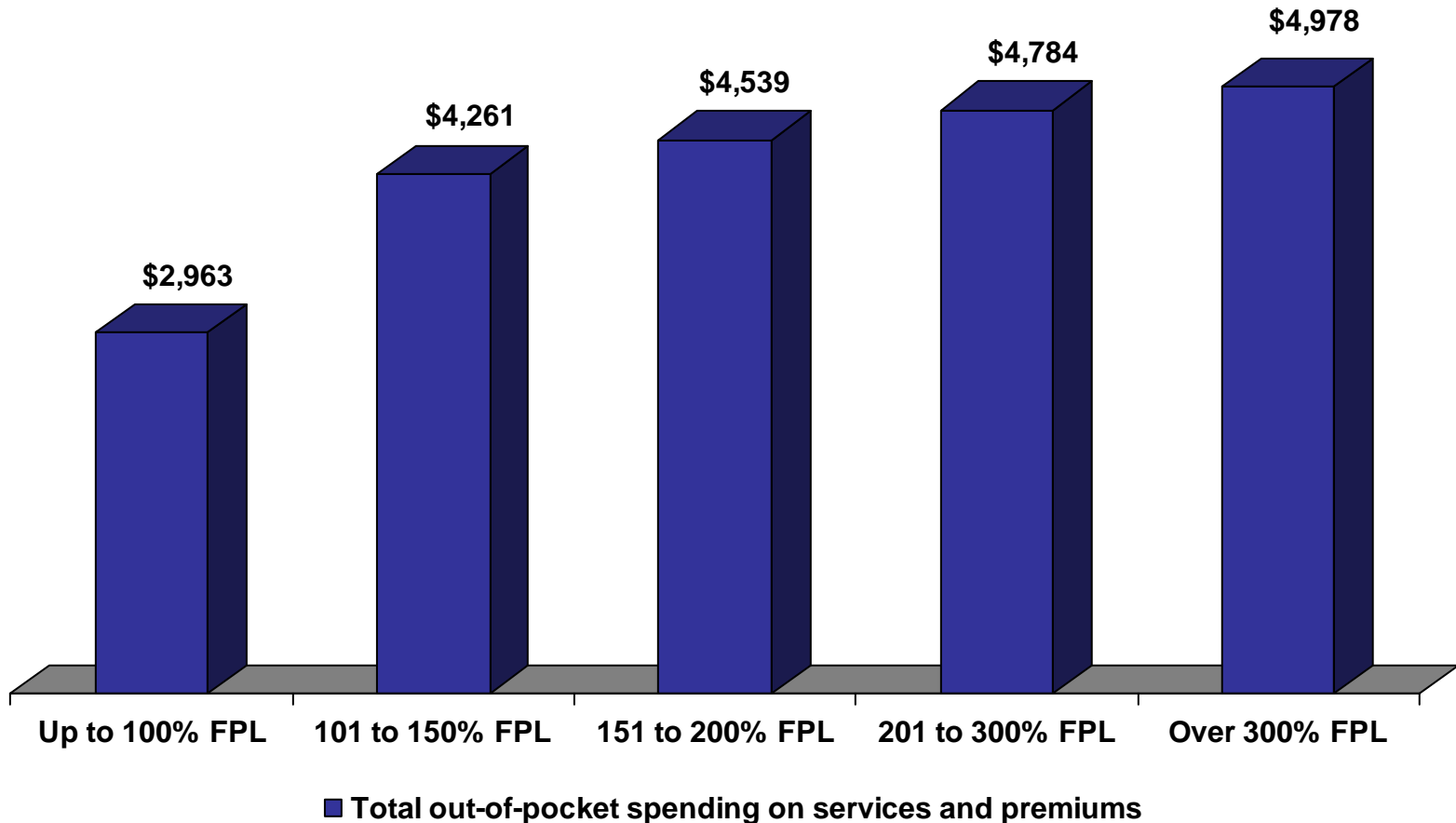


Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 2B FFS.
Note: Data reflect spending prior to Medicare Part D implementation.



Poorer beneficiaries spent less out-of-pocket, but as a proportion of their income the burden was much greater.

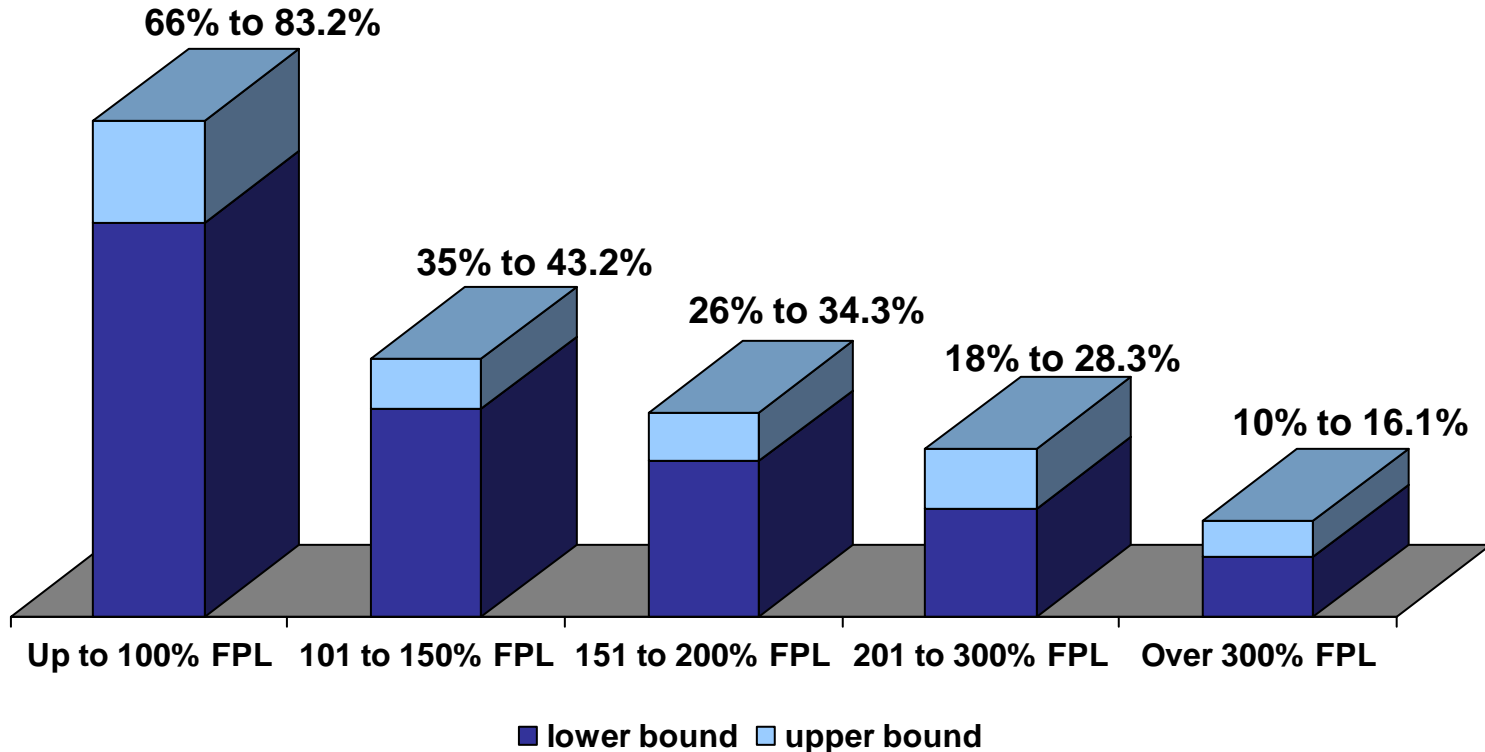
Poorer Medicare beneficiaries spent less out-of-pocket




Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 2B FFS.
Note: Data reflect spending prior to Medicare Part D implementation.

But poorer Medicare beneficiaries had higher out-of-pocket burdens

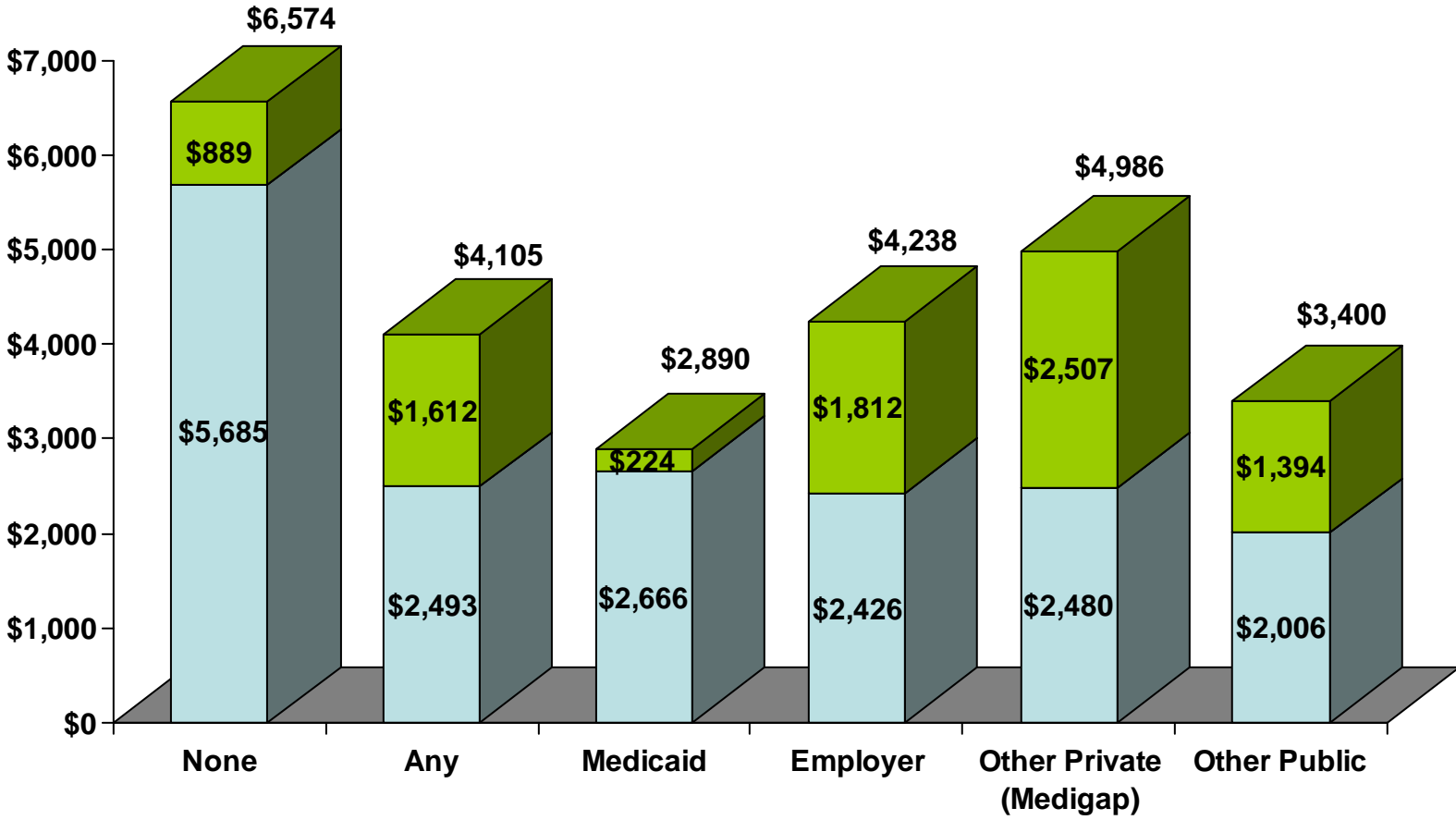
Range of total out-of-pocket spending (services and premiums) as a % of income





Supplemental insurance protects beneficiaries from high total out-of-pocket spending.

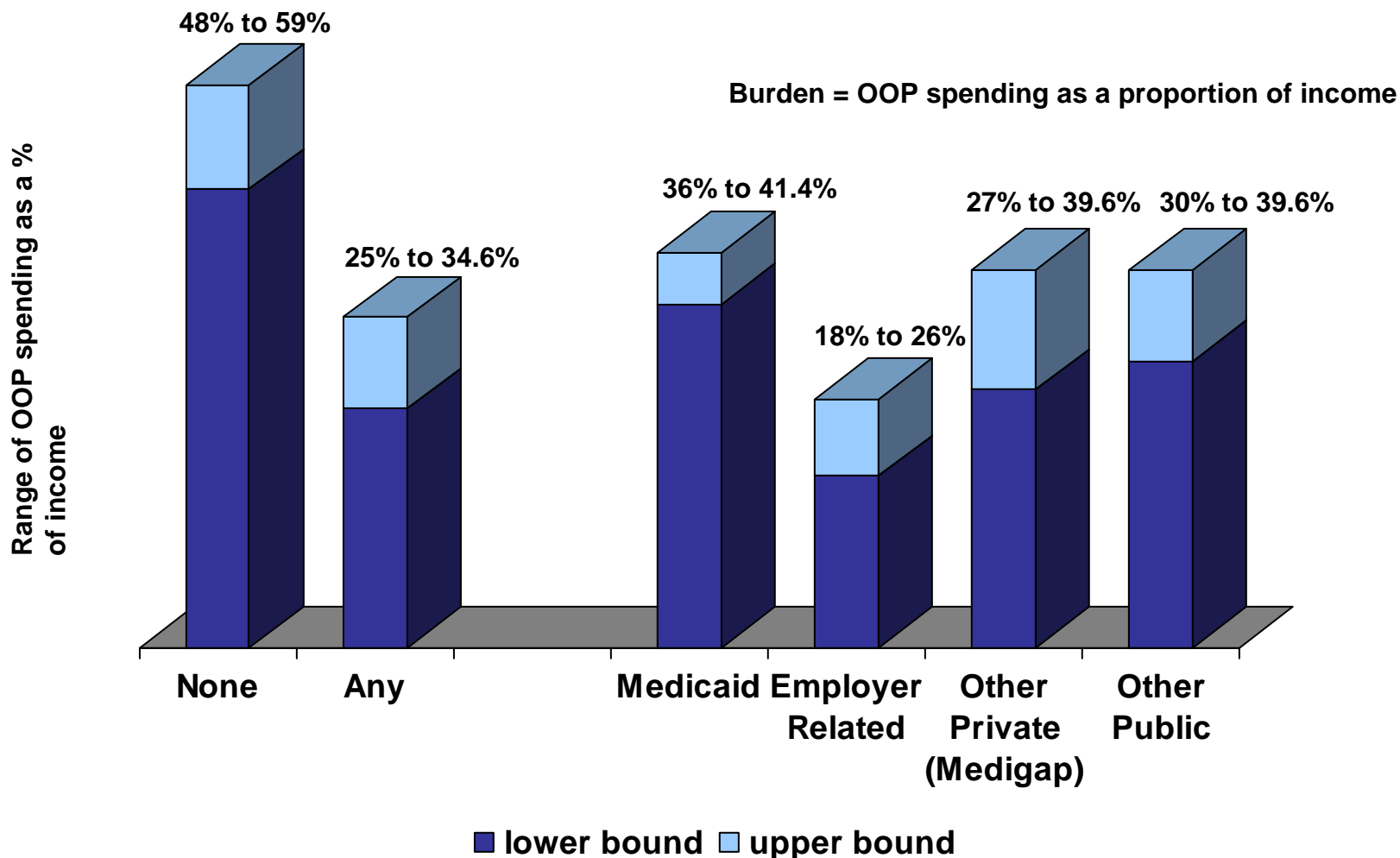
Total out-of-pocket spending was significantly lower for those with supplemental insurance compared to those without



□ Out-of-pocket spending on services ■ Out-of-pocket spending on premiums

Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 2B FFS.
 Note: Data reflect spending prior to Medicare Part D implementation.

Burden was also significantly lower for those with supplemental insurance compared to those without



Source: University of Maryland analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File. Table 2B FFS.
 Note: Data reflect spending prior to Medicare Part D implementation.



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