



Why Health Care Reform is Important in California



Health care reform is critical in California as the population ages.

In 2008, the total population in California was 37,525,630. California has a large older population who can be at greater risk for chronic illnesses: 11% of the population is age 65 and older and 16% is age 50-64.¹

Over 1,000,000 Californians age 50-64 are uninsured; many more are under-insured.

Too young for Medicare, but old enough to face higher insurance premiums, many 50-64 year olds have difficulty accessing affordable health care coverage. In 2007, there were 1,100,298 50-64 year olds in California who were uninsured, and many with insurance were under-insured due to the high cost of coverage for this age group.² Additionally, about 24% of Californians age 19-64 are without health care insurance.³

About one in nine residents has Medicare.

In 2008, there were 4,470,439 Medicare beneficiaries in California.⁴ In 2004, 86% of California Medicare beneficiaries were age 65 and older and 14% were eligible due to disabilities.⁵ Nationally, on average Medicare beneficiaries typically spend almost 30% of their income on health care costs.⁶

More than one in five Medicare beneficiaries falls into the Part D “doughnut hole.”

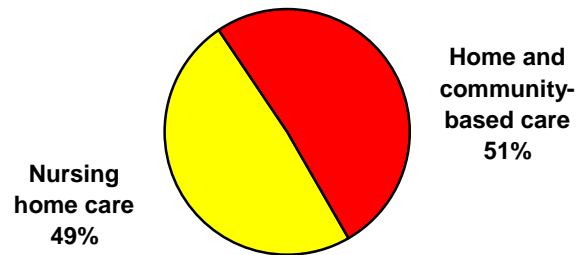
In 2007, of the Medicare beneficiaries in California age 65 and older, 31% lived close enough to the poverty line to make them eligible for the Medicare Part D Low-Income Subsidy.⁷ Of those not eligible for the subsidy, 22% fell into “the doughnut hole,” or had to pay the full cost of their prescriptions for a portion of the year.⁸ In California, that would be about 425,582 people who had to pay 100% of their prescription drug costs for at least part of the year, and this number is increasing each year.^{9,10}

Rehospitalizations are costly to Medicare and its beneficiaries.

Medicare spent \$12 billion nationally in 2005 on unnecessary or potentially preventable hospital readmissions.¹¹ In 2004, 20% of California Medicare beneficiaries discharged from the hospital were re-admitted within 30 days.¹² Providing a follow-up benefit for Medicare beneficiaries could save billions and improve outcomes for patients.

California equally divides the state’s Medicaid funds between institutional care and home and community care services.

Many older people and those with multiple chronic conditions and long-term care needs rely on Medicaid. The state spends 49% of its Medicaid long-term care dollars for older people and adults with physical disabilities on nursing home care and 51% on home care services.¹³



Californians spend less on prescription drugs than the rest of the nation.

In 2007, Americans filled an average of 10 prescriptions at an average cost of \$53 per prescription. California residents filled about 8 prescriptions at an average cost of \$52 per prescription.¹⁴ In 2005, about 54% of prescriptions for California residents were filled with generics.¹⁵ If generic equivalents of biologic treatments were also available, California residents could save millions of dollars each year.

End Notes

- ¹ Claritas, Inc. and AARP Insight Database, 2008. Compiled by AARP Knowledge Management.
- ² Health Care Reform: What's at Stake for the 50-64 Year Olds? Pg. 12. AARP Public Policy Institute, March 2009. http://www.aarp.org/research/health/carefinancing/i24_hcr.html
- ³ Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2007 and 2008 Current Population Survey (CPS: Annual Social and Economic Supplements). <http://www.statehealthfacts.org/profileind.jsp?ind=130&cat=3&rgn=21>.
- ⁴ The Kaiser Family Foundation State Health Facts. Mathematica Policy Research analysis of CMS State/County Market Penetration Files, July 2008. <http://www.statehealthfacts.kff.org/comparemactable.jsp?ind=290&cat=6>.
- ⁵ The Kaiser Family Foundation State Health Facts. CMS Statistics: Medicare State Enrollment, Centers for Medicare and Medicaid Services <http://www.statehealthfacts.kff.org/comparetable.jsp?ind=292&cat=6>.
- ⁶ University of Maryland School of Pharmacy analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File.
- ⁷ The Kaiser Family Foundation State Health Facts. <http://www.statehealthfacts.kff.org/comparetable.jsp?ind=313&cat=6>.
- ⁸ Hoadley, J., Hargrave, E., Cubanski, J., Neuman, T. "The Medicare Part D Coverage Gap: Costs and Consequences in 2007." Pg. 6. The Kaiser Family Foundation. August 2008. <http://www.kff.org/medicare/upload/7811.pdf>.
- ⁹ The Kaiser Family Foundation State Health Facts. <http://www.statehealthfacts.kff.org/comparetable.jsp?ind=307&cat=6>.
- ¹⁰ The Kaiser Family Foundation State Health Facts. <http://www.statehealthfacts.kff.org/comparetable.jsp?ind=312&cat=6>.
- ¹¹ "Rehospitalizations among Patients in the Medicare Fee for Service Program," Abstract Page. New England Journal of Medicine, April 2009. <http://content.nejm.org/cgi/content/full/360/14/1418?ijkey=3CQjS3yxXjOtY&keytype=ref&siteid=nejm>.
- ¹² The Kaiser Family Foundation State Health Facts. <http://www.statehealthfacts.kff.org/comparemactable.jsp?ind=688&cat=6>.
- ¹³ Gibson, Mary Jo., Fox-Grage, Wendy., Houser, Ari. Across the States 2009: Profiles of Long-Term Care and Independent Living. Pg. 62. AARP Public Policy Institute. Washington, D.C.: 2009. http://www.aarp.org/research/longtermcare/trends/d19105_2008_at.html.
- ¹⁴ AARP Rx Watchdog Report: A Consumer Newsletter on Prescription Drug Price Trends. Pg. 3. June 2007. http://assets.aarp.org/www.aarp.org/_cs/elec/watchdog_june_2007.pdf
- ¹⁵ Cox, Emily, Behm, Andy, Mager, Doug. Express Scripts Research Study Findings: Generic Drug Usage Report. Pg. 6. 2005. <http://www.express-scripts.com/industryresearch/outcomes/onlinepublications/study/genericDrugUsageReport2005.pdf>.

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