



## Why Health Care Reform is Important in Texas



### Health care reform is critical in Texas as the population ages.

In 2008, the total population in Texas was 24,006,609. Texas has a significant older population who can be at greater risk for chronic illnesses: 10% of the population is age 65 and older and 16% is age 50-64.<sup>1</sup>

### More than 780,000 Texans 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 780,479 50-64 year olds in Texas who were uninsured, and many with insurance were under-insured due to the high cost of coverage for this age group.<sup>2</sup> Additionally, about 30% of Texans age 19-64 are without health care insurance.<sup>3</sup>

### About one in eight residents has Medicare.

In 2008, there were 2,778,533 Medicare beneficiaries in Texas.<sup>4</sup> In 2004, 85% of Texas Medicare beneficiaries were age 65 and older and 15% were eligible due to disabilities.<sup>5</sup> Nationally, Medicare beneficiaries spend an average of nearly 30% of their income on health care costs.<sup>6</sup>

### Over a quarter of Medicare beneficiaries falls into the Part D “doughnut hole.”

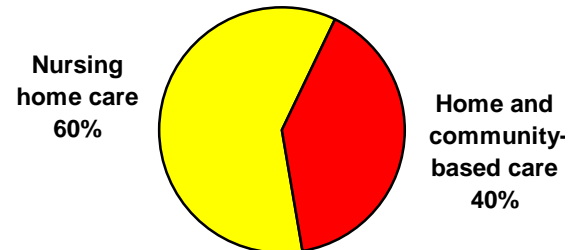
In 2007, of the Medicare beneficiaries in Texas age 65 and older, 33% lived close enough to the poverty line to make them eligible for the Medicare Part D Low-Income Subsidy.<sup>7</sup> Of those not eligible for the subsidy, 28% fell into “the doughnut hole,” or had to pay the full cost of their prescriptions for a portion of the year.<sup>8</sup> In Texas, that would be about 252,890 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.<sup>9,10</sup>

### Rehospitalizations are costly to Medicare and its beneficiaries.

Medicare spent \$12 billion nationally in 2005 on unnecessary or potentially preventable hospital readmissions.<sup>11</sup> In 2004, 19% of Texas Medicare beneficiaries discharged from the hospital were re-admitted within 30 days.<sup>12</sup> Providing a follow-up benefit for Medicare beneficiaries could save billions and improve outcomes for patients.

### Texas spends the majority of the state’s Medicaid funds on institutional care.

Many older people and those with multiple chronic conditions and long-term care needs rely on Medicaid. Even though people prefer to remain at home, the state spends 60% of its Medicaid long-term care dollars for older people and adults with physical disabilities on nursing home care, and only 40% on home care services.<sup>13</sup>



### Texans spend about the same amount on prescription drugs as the rest of the nation.

In 2007, Americans filled an average of 10 prescriptions at an average cost of \$53 per prescription. Texas residents filled about 10 prescriptions at an average cost of \$52 per prescription.<sup>14</sup> In 2005, about 50% of prescriptions for Texas residents were filled with generics.<sup>15</sup> If generic equivalents of biologic treatments were also available, Texas residents could save millions of dollars each year.

## End Notes

- <sup>1</sup> Claritas, Inc. and AARP Insight Database, 2008. Compiled by AARP Knowledge Management.
- <sup>2</sup> 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](http://www.aarp.org/research/health/carefinancing/i24_hcr.html)
- <sup>3</sup> 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>.
- <sup>4</sup> 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?id=290&cat=6>.
- <sup>5</sup> 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>.
- <sup>6</sup> University of Maryland School of Pharmacy analysis of Medicare Current Beneficiary Survey 2005 Cost and Use File.
- <sup>7</sup> The Kaiser Family Foundation State Health Facts. <http://www.statehealthfacts.kff.org/comparetable.jsp?ind=313&cat=6>.
- <sup>8</sup> 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>.
- <sup>9</sup> The Kaiser Family Foundation State Health Facts. <http://www.statehealthfacts.kff.org/comparetable.jsp?ind=307&cat=6>.
- <sup>10</sup> The Kaiser Family Foundation State Health Facts. <http://www.statehealthfacts.kff.org/comparetable.jsp?ind=312&cat=6>.
- <sup>11</sup> "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>.
- <sup>12</sup> The Kaiser Family Foundation State Health Facts. <http://www.statehealthfacts.kff.org/comparemactable.jsp?id=688&cat=6>.
- <sup>13</sup> Gibson, Mary Jo., Fox-Grage, Wendy., Houser, Ari. Across the States 2009: Profiles of Long-Term Care and Independent Living. Pg. 298. AARP Public Policy Institute. Washington, D.C.: 2009. [http://www.aarp.org/research/longtermcare/trends/d19105\\_2008\\_at.html](http://www.aarp.org/research/longtermcare/trends/d19105_2008_at.html).
- <sup>14</sup> 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](http://assets.aarp.org/www.aarp.org/_cs/elec/watchdog_june_2007.pdf)
- <sup>15</sup> 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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