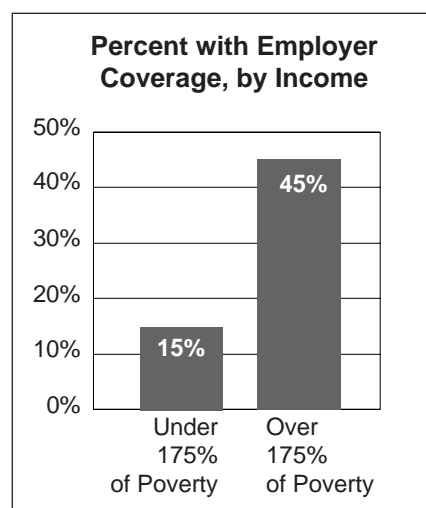


Low-Income Medicare Beneficiaries Are Most in Need of Prescription Drug Coverage

There are 40 million seniors and people with disabilities who depend on Medicare and who could benefit if prescription drug coverage were added to the program. Such assistance is particularly critical for those with lower incomes—the over 15 million beneficiaries with incomes of 175 percent of poverty or less. For these individuals—who have incomes below \$15,715 for an individual or \$21,210 for a couple—prescription drugs are often unaffordable.

Low-income beneficiaries are less likely to have employer drug coverage

- Health plans offered by employers to workers and retirees are the most common source of drug coverage for Medicare beneficiaries, but those with low incomes are less likely to have such employer-sponsored drug coverage. Forty-five percent of beneficiaries with incomes over 175 percent of poverty have drug coverage through an employer-sponsored plan, compared to only 15 percent of those with incomes under 175 percent of poverty.



Low-income beneficiaries usually do not have Medicaid drug coverage

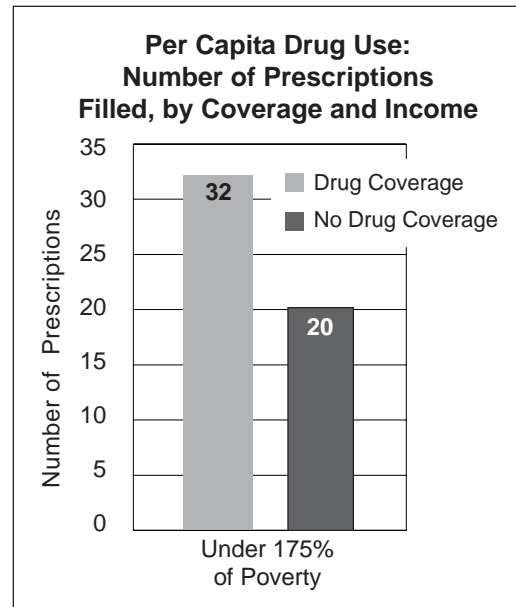
- Medicaid does not reach most of the poorest seniors: Only 30 percent of beneficiaries with incomes under 175 percent of poverty receive prescription drug coverage through Medicaid, and only 12 percent have Medicaid drug coverage all year. Over 2 million Medicare beneficiaries with incomes below the federal poverty level—\$8,980 in annual income for a senior living alone—are without any source of drug coverage.

Low-income beneficiaries are in poorer health and need more medications

- Low-income Medicare beneficiaries are more likely than their higher-income counterparts to suffer from diabetes or other chronic conditions, many of which could be treated or controlled with medications.

Lack of coverage significantly reduces low-income seniors' access to drugs

- For low-income Medicare beneficiaries, drug coverage makes a stark difference: Low-income beneficiaries who lack drug coverage fill an average of 20 prescriptions per year, while those who have coverage fill 32 prescriptions—60 percent more.
- It isn't “nonessential” medications that are going unfilled. Lack of coverage causes low-income beneficiaries to go without critical medications, such as drugs to treat high blood pressure, according to several studies cited in a review of the research literature published in the *New England Journal of Medicine* and a study of drug use reported in *Health Affairs*.



High cost-sharing also curtails access to medications

- High cost-sharing can also be an obstacle and can make drugs unaffordable for low-income people who have drug coverage. A 2001 study comparing cost-sharing for prescription drugs among poor and elderly in the U.S. and Canada found that an increase in cost-sharing reduced utilization of essential drugs and increased the rate of serious adverse health events and emergency room visits.

Lack of drug coverage is an economic burden for low-income beneficiaries

- Low-income beneficiaries spend a large percentage of their own incomes on the medicines they need. Those with incomes under 100 percent of poverty (\$8,980 a year for individuals) who lack drug coverage spend an average of \$1,080, at least 12 percent of their income, on prescription drugs, even though they obtain far fewer drugs than insured beneficiaries.
- Low-income Medicare beneficiaries who do not have drug coverage are unable to fill all the prescriptions they need. Studies have shown that failure to take necessary medicines increases morbidity, increases hospital and nursing home admissions, and adds more costs to the health system as a whole.

Note: Sources are on file at Families USA.

