

## Who Are Medicare's Low-Income Beneficiaries?

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They are a large percent of those in Medicare.

- Six million people enrolled in Medicare have incomes below the federal poverty level-\$8,980 for an individual.
- Nearly one in three people in Medicare has an annual income below 150 percent of poverty-less than \$13,470 for an individual in 2003, or \$36.90 a day for all expenses.

They are disproportionately women and people with disabilities.

- More than one in three women over 65 have low incomes (below 150 percent of poverty), compared to one in five men.
- Nearly half (45 percent) of Medicare's 6 million disabled beneficiaries have incomes below poverty.  
They are more likely to be in poor health.
- Nearly 40 percent of low-income Medicare beneficiaries describe their health as "fair" or "poor" rather than "good." Half as many of those with incomes over 200 percent of poverty describe their health as "fair" or "poor."
- Over a quarter of those living at the poverty level report that health problems limit their ability to perform one or more daily activities.

More than other groups in Medicare, they lack access to drug coverage.

- Thirty-six percent of low-income people in Medicare are without any prescription drug coverage that would help defray the financial burden of drug costs.
- Employer-sponsored plans provide drug coverage for 42 percent of beneficiaries-those with incomes over 200 percent of poverty (\$17,960 for an individual)-but only 12 percent of low-income people in
- Medicare have employer-sponsored drug coverage.
- Many think that Medicaid steps in and fills the gap. This isn't always so. While Medicaid helps millions of low-income individuals obtain prescription drugs, there are millions more who don't qualify for assistance.
  - Medicaid provides full-year drug coverage to only 14 percent of low-income Medicare beneficiaries.

Medical expenses-including prescription drugs-consume a large portion of their income.

- For the low-income with no insurance other than Medicare, out-of-pocket spending eats up a large portion of their finances. For example, on average, low-income women over 85 who are in poor health spend over half of their income on health care.
- Low-income beneficiaries without drug coverage spend an average of \$1,102 of their own money just to purchase prescription drugs-that's over 8 percent of income for those making 150 percent of poverty. Most low-income beneficiaries make less. For them, medication costs will consume an ever larger percent of their income.

They forego necessary medications because they cannot afford them.

- The average person in Medicare uses over \$2,000 in prescription drugs a year, filling 26 prescriptions. Low-income beneficiaries-often in poorer health than higher income beneficiaries-fill an average of 32 prescriptions a year if they have drug coverage but only 20 prescriptions a year if they don't.
- Nearly one in four seniors reported skipping doses or not filling medications due to costs.

For the nearly one-third of those in Medicare whose incomes fall below \$14,000 a year, medical expenses can be devastating. For them, a prescription drug benefit that offers real assistance-with no interruptions-to help them manage the financial burden of drug expenses will provide long-overdue relief.

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Sources: Families USA, from data prepared by the Lewin Group; M. Anzick and D. Weaver, "Reducing Poverty Among Elderly Women," Division of Economic Research, Social Security Division, January 2001; U.S. Census Bureau Current Population Survey, March 2002 Supplement; Kaiser Family Foundation, Medicare Chart Book, 2nd edition, Fall 2001; Cathy Schoen, et al., "Medicare Beneficiaries: A Population at Risk" (New York: The Commonwealth Fund, December 1998); Dana Gelb Safran, et al., "Prescription Drug Coverage and Seniors: How Well Are States Closing the Gap?" Health Affairs, July 31, 2002 Web exclusive, available online at ([http://www.healthaffairs.org/WebExclusives/Safran\\_Web\\_Excl\\_073102.htm](http://www.healthaffairs.org/WebExclusives/Safran_Web_Excl_073102.htm)).

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