

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**MEDICARE BENEFICIARIES' PLANS FOR  
FINANCING NURSING HOME CARE**



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## PURPOSE

This report presents Medicare beneficiaries' assessments of their ability to pay for nursing home care.

## BACKGROUND

In 1989, the Office of Inspector General (OIG) for the Department of Health and Human Services conducted a national survey to assess Medicare beneficiaries' experience and satisfaction with various aspects of the Medicare program. The results are in the report "A Survey of Medicare Beneficiary Satisfaction: 1989" (OAI-04-89-89040). In one segment of the survey, we ascertained beneficiaries' knowledge of nursing home care provisions and their potential ability to pay for such services.

In 1991, the OIG conducted another satisfaction survey, the findings of which are presented in the report "Medicare Beneficiary Satisfaction: 1991" (OEI-04-90-89030). The Office of Management and Budget (OMB) reviewed the questionnaires for both surveys. During the clearance process for the 1991 survey, the OMB asked the OIG to again evaluate the ability of beneficiaries to pay for nursing home care.

## METHODS

In December 1990 we mailed a survey instrument to 637 randomly selected beneficiaries for whom Medicare Part B claims had been filed in Calendar Year 1989. Their participation in the survey was voluntary.

A total of 519 beneficiaries returned completed questionnaires, for a response rate of 83 percent.

## FINDINGS

In the 1991 survey we found that:

- ▶ *Most beneficiaries cannot pay for nursing home care.*

Of the 519 respondents, 445 answered questions on their ability to pay for nursing home care. Seventy-two percent said they cannot pay for nursing home care, should they ever need it.

Of those who said they have a way to pay for nursing home care:

- Forty-seven percent said they would rely on personal assets such as savings.
- One-third (33 percent) said they would rely on private insurance.

-- Twenty percent said they would rely on Medicaid, although only half of that group said they are currently covered by Medicaid.

▶ *Some beneficiaries said they thought that Medicare pays for nursing home care.*

Twenty-five percent of beneficiaries said they thought that Medicare pays for nursing home custodial care, although it does not. Medicare only pays for skilled nursing care, and then for just a limited period of time and under specific circumstances.

## CONCLUSION

Most beneficiaries (72 percent) indicate they have not made adequate plans should they need nursing home care. This finding is identical to the results obtained from the 1989 survey.