

SECTION

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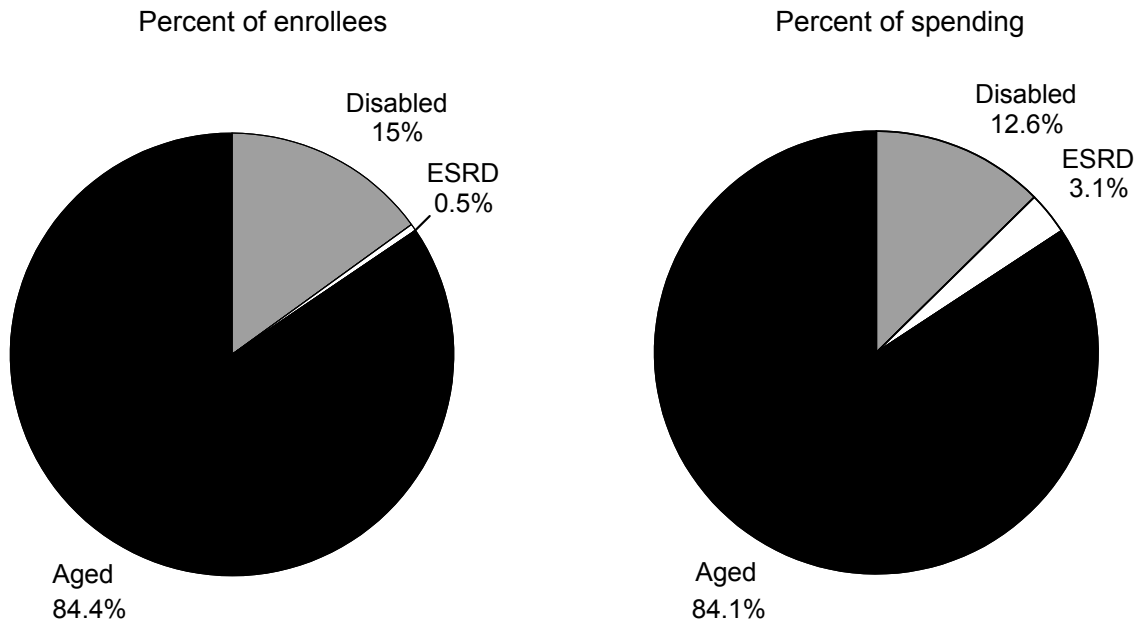
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**Medicare beneficiary  
demographics**

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## Chart 2-1. Aged beneficiaries account for the greatest share of the Medicare population and program spending, 2005

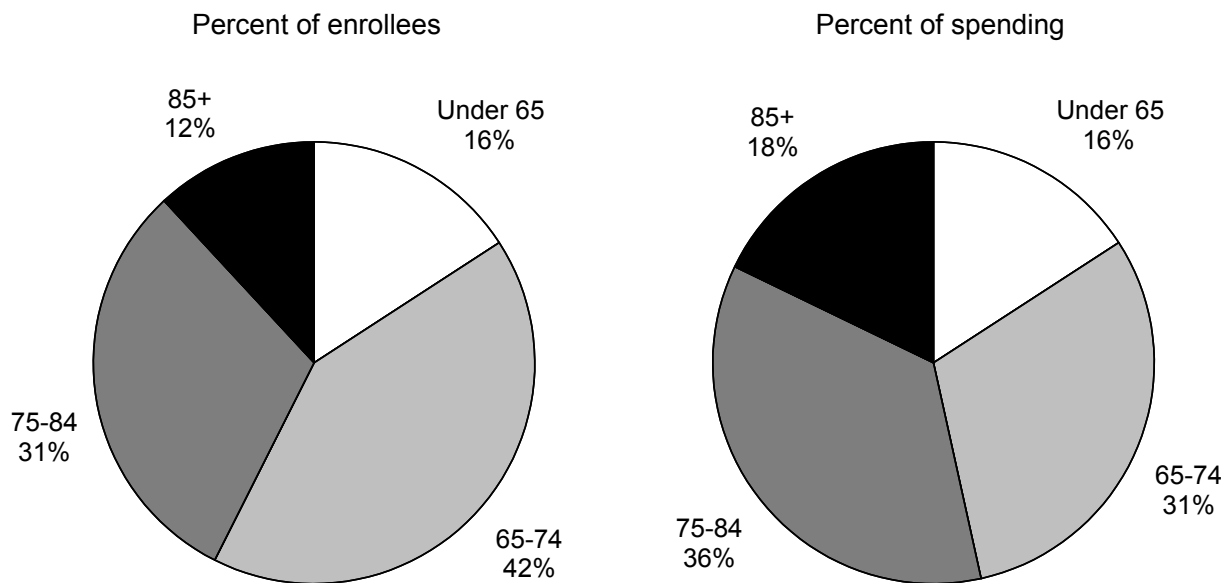


Note: ESRD (end-stage renal disease). ESRD refers to beneficiaries under age 65 with ESRD. The disabled category refers to beneficiaries under age 65 without ESRD. The aged category refers to beneficiaries age 65 and older. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2005. 2005 spending per ESRD beneficiary is from the United States Renal Data System.

- The highest percentage of Medicare expenditures is for aged beneficiaries, reflecting their greater share of the Medicare population.
- A disproportionate share of Medicare expenditures is devoted to Medicare beneficiaries who are eligible due to end-stage renal disease (ESRD). On average, ESRD beneficiaries cost at least five times as much as beneficiaries in other categories: \$7,085 is spent per (non-ESRD) aged beneficiary, \$6,225 per (non-ESRD) disabled beneficiary, and \$59,417 per ESRD beneficiary. On average, Medicare spending per beneficiary is \$7,363.

## Chart 2-2. Medicare spending rises as beneficiaries age, 2005

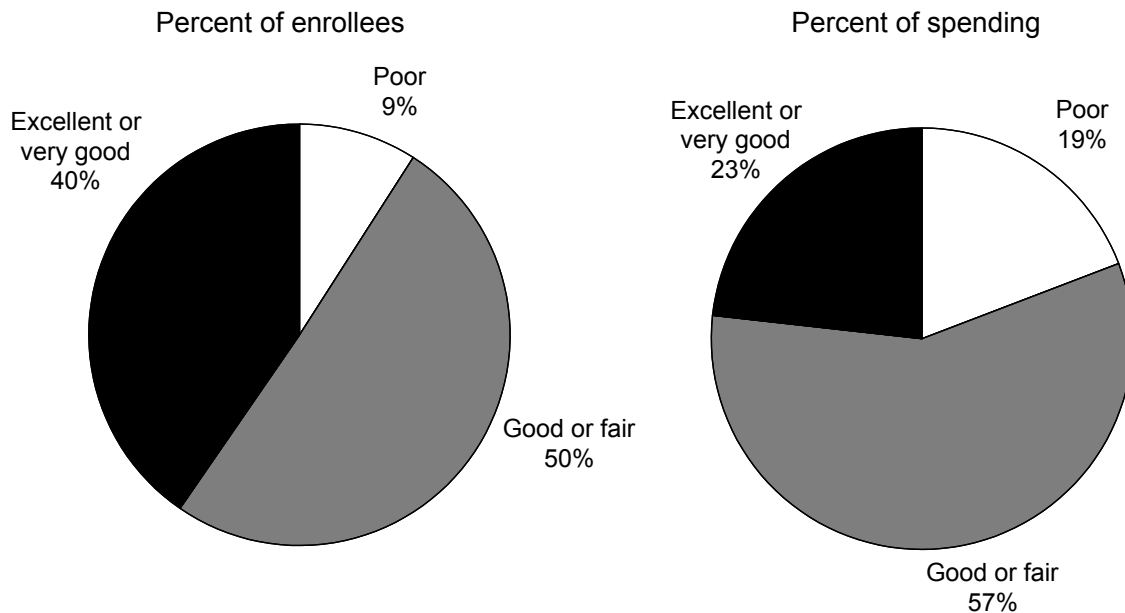


Note: Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2005.

- Per capita expenditures increase with age. Per capita expenditures were \$5,390 for beneficiaries ages 65 to 74, \$8,561 for those 75 to 84, and \$11,026 for those 85 and older. Per capita expenditures for Medicare beneficiaries under age 65, enrolled due to disability (both end-stage renal disease (ESRD) and non-ESRD) were \$7,488. On average, Medicare spending per beneficiary was \$7,363.
- In each age group, much of the spending is concentrated among people with chronic conditions and those who die.

### Chart 2-3. Beneficiaries who report being in poor health account for a disproportionate share of Medicare spending, 2005

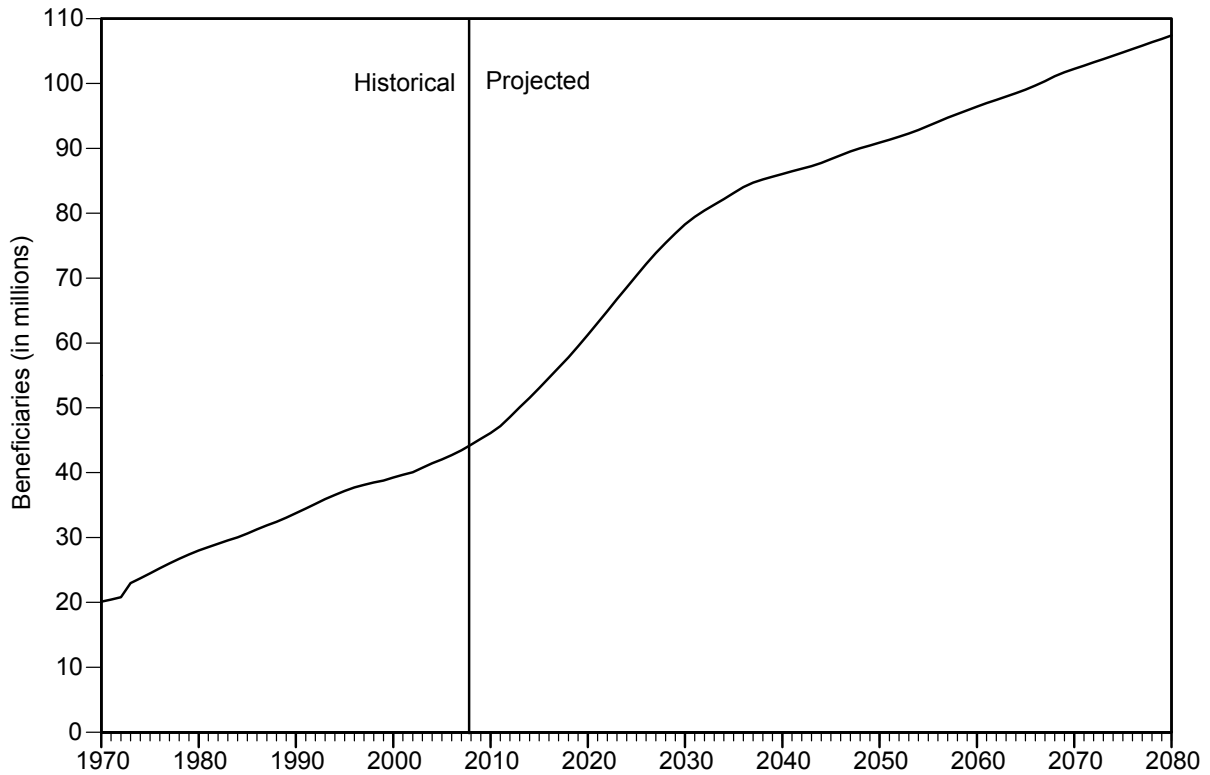


Note: Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2005.

- Most beneficiaries report relatively good health. Less than 10 percent report poor health.
- Medicare spending is strongly associated with self-reported health status. Per capita expenditures are \$4,286 for those with excellent health, \$8,346 for those with good or fair health, and \$15,705 for those with poor health. On average, Medicare spending per beneficiary is \$7,363.

**Chart 2-4. Enrollment in the Medicare program is projected to grow fastest in the next 30 years**



Note: Enrollment numbers are based on Part A enrollment only. Beneficiaries enrolled only in Part B are not included.

Source: CMS, Office of the Actuary, 2007.

- The total number of people enrolled in the Medicare program will double between 2000 and 2030, from about 39 million to 79 million beneficiaries.
- The rate of increase in Medicare enrollment will accelerate around 2010 when members of the baby boom generation start to become eligible and will slow around 2030 when the entire baby boom generation has become eligible.

## Chart 2-5. Characteristics of the Medicare population, 2005

| Characteristic                 | Percent of the Medicare population* | Characteristic                       | Percent of the Medicare population* |
|--------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| <b>Total</b> (43,400,577)      | 100%                                |                                      |                                     |
| <b>Sex</b>                     |                                     | <b>Education</b>                     |                                     |
| Male                           | 44                                  | No high school diploma               | 28%                                 |
| Female                         | 56                                  | High school diploma only             | 30                                  |
|                                |                                     | Some college or more                 | 41                                  |
| <b>Race/ethnicity</b>          |                                     | <b>Income status</b>                 |                                     |
| White, non-Hispanic            | 78                                  | Below poverty                        | 16                                  |
| African American, non-Hispanic | 9                                   | 100–125% of poverty                  | 9                                   |
| Hispanic                       | 8                                   | 125–200% of poverty                  | 20                                  |
| Other                          | 5                                   | 200–400% of poverty                  | 31                                  |
| <b>Age</b>                     |                                     | Over 400% of poverty                 | 23                                  |
| < 65                           | 16                                  | <b>Supplemental insurance status</b> |                                     |
| 65–74                          | 42                                  | Medicare only                        | 11                                  |
| 75–84                          | 31                                  | Managed care                         | 13                                  |
| 85+                            | 12                                  | Employer                             | 33                                  |
| <b>Health status</b>           |                                     | Medigap                              | 20                                  |
| Excellent or very good         | 40                                  | Medigap/employer                     | 5                                   |
| Good or fair                   | 50                                  | Medicaid                             | 16                                  |
| Poor                           | 9                                   | Other                                | 1                                   |
| <b>Residence</b>               |                                     |                                      |                                     |
| Urban                          | 76                                  |                                      |                                     |
| Rural                          | 24                                  |                                      |                                     |
| <b>Living arrangement</b>      |                                     |                                      |                                     |
| Institution                    | 5                                   |                                      |                                     |
| Alone                          | 28                                  |                                      |                                     |
| Spouse                         | 49                                  |                                      |                                     |
| Other                          | 18                                  |                                      |                                     |

Note: Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2005, poverty was defined as income of \$9,367 for people living alone and as \$11,815 for married couples. Totals may not sum to 100 percent due to rounding.  
\*Based on a representative sample of the Medicare population.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2005.

- The Medicare population tends to be female, white, between the ages of 65 and 84, in good or fair health, and living with a spouse. Most beneficiaries live in urban areas, have graduated from high school, and have some form of supplemental insurance coverage. Almost half have incomes under 200 percent of poverty.

**Chart 2-6. Characteristics of the Medicare population, by rural and urban residence, 2005**

| Characteristics                | Percent of urban Medicare population | Percent of rural Medicare population |
|--------------------------------|--------------------------------------|--------------------------------------|
| <b>Sex</b>                     |                                      |                                      |
| Male                           | 44%                                  | 45%                                  |
| Female                         | 56                                   | 55                                   |
| <b>Race/ethnicity</b>          |                                      |                                      |
| White, non-Hispanic            | 76                                   | 86                                   |
| African American, non-Hispanic | 10                                   | 6                                    |
| Hispanic                       | 9                                    | 3                                    |
| Other                          | 5                                    | 5                                    |
| <b>Age</b>                     |                                      |                                      |
| < 65                           | 15                                   | 18                                   |
| 65–74                          | 42                                   | 42                                   |
| 75–84                          | 31                                   | 29                                   |
| 85+                            | 12                                   | 11                                   |
| <b>Health status</b>           |                                      |                                      |
| Excellent or very good         | 42                                   | 36                                   |
| Good or fair                   | 50                                   | 52                                   |
| Poor                           | 8                                    | 12                                   |
| <b>Income status</b>           |                                      |                                      |
| Below poverty                  | 15                                   | 18                                   |
| 100–125% of poverty            | 9                                    | 10                                   |
| 125–200% of poverty            | 20                                   | 22                                   |
| 200–400% of poverty            | 30                                   | 32                                   |
| Over 400% of poverty           | 25                                   | 18                                   |

Note: Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2005, poverty was defined as income of \$9,367 for people living alone and as \$11,815 for married couples. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2005.

- Close to one-fourth of all beneficiaries reside in rural areas.
- Rural Medicare beneficiaries are more likely to be white (86 percent vs. 76 percent), to report being in poor health (12 percent vs. 8 percent), and to have incomes below 125 percent of poverty (28 percent vs. 24 percent) compared to urban beneficiaries.



## Web links. Medicare beneficiary demographics

- The CMS Chart series provides a profile of Medicare beneficiaries.

[http://www.cms.hhs.gov/TheChartSeries/02\\_CMS\\_Facts\\_Figures.asp#TopOfPage](http://www.cms.hhs.gov/TheChartSeries/02_CMS_Facts_Figures.asp#TopOfPage)

- The CMS Data Compendium contains historic, current, and projected data on Medicare enrollment.

[http://www.cms.hhs.gov/DataCompendium/17\\_2007\\_Data\\_Compendium.asp#TopOfPage](http://www.cms.hhs.gov/DataCompendium/17_2007_Data_Compendium.asp#TopOfPage)

- The CMS website provides information on Medicare enrollment by state.

<http://www.cms.hhs.gov/MedicareEnRpts>

- The CMS website provides information about the Medicare Current Beneficiary Survey, a resource on the demographic characteristics of Medicare beneficiaries.

<http://www.cms.hhs.gov/mcbs/>

