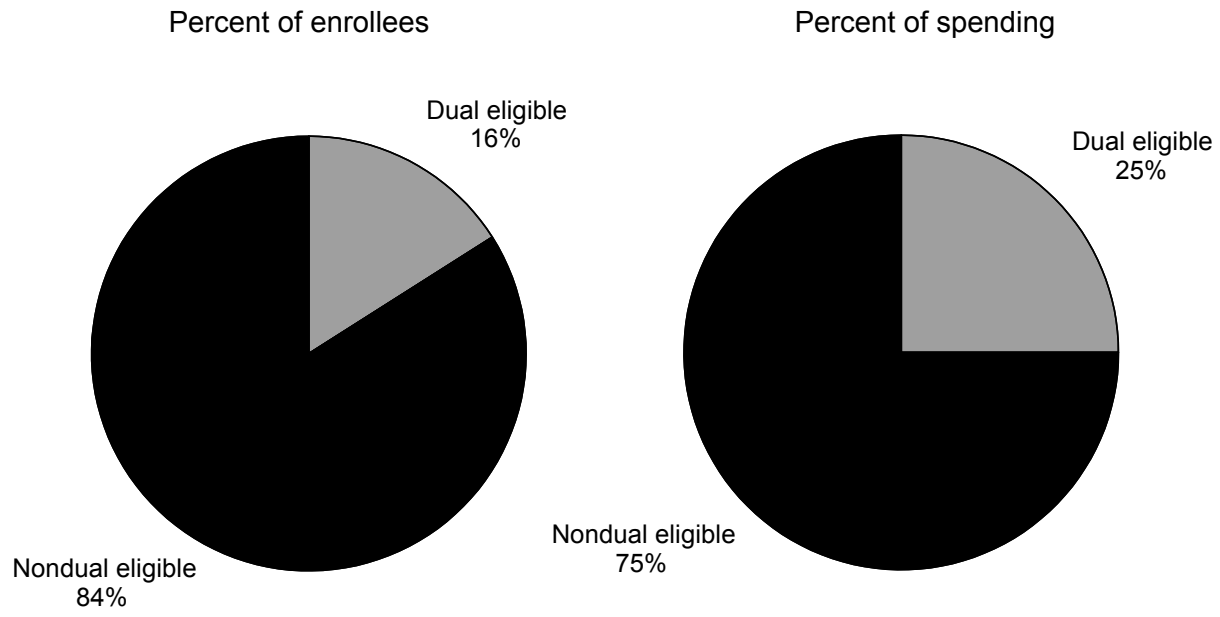
SECTION 3

Dual-eligible beneficiaries

Chart 3-1. Dual-eligible beneficiaries account for a disproportionate share of Medicare spending, 2005

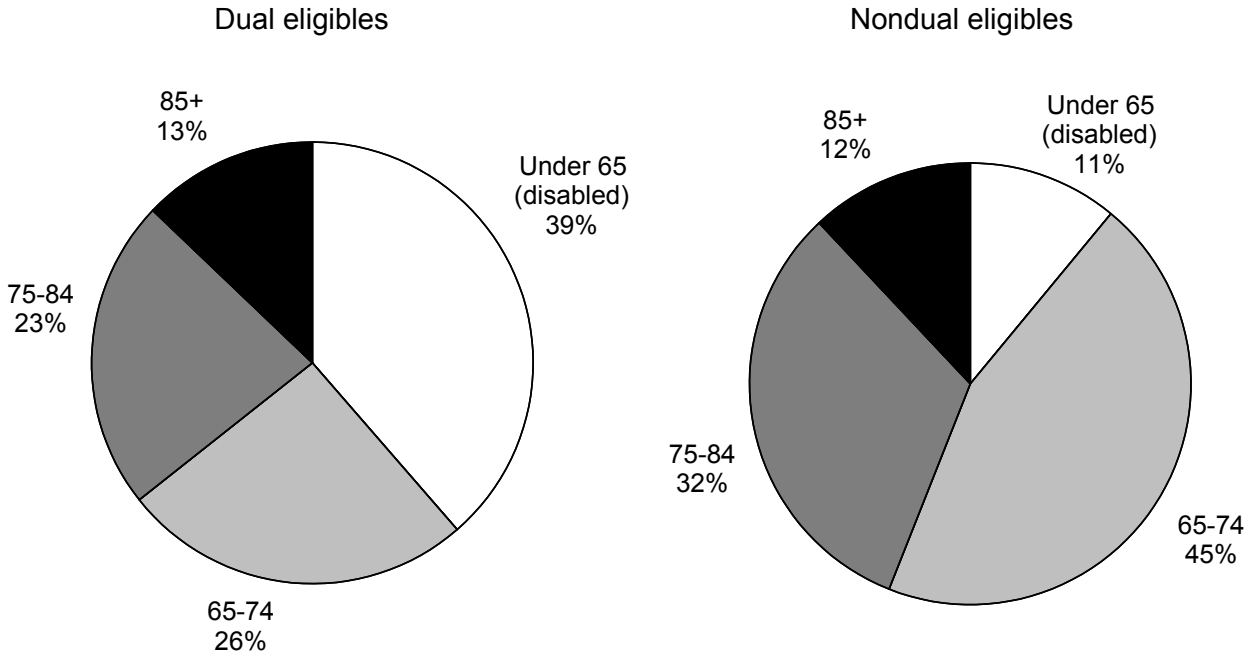


Note: Dual eligibles are designated as such if the months they qualify for Medicaid exceed months they qualify for supplemental insurance.

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

- Dual-eligible beneficiaries are those who qualify for both Medicare and Medicaid. Medicaid is a joint federal and state program designed to help low-income persons obtain needed health care.
- A disproportionate share of Medicare expenditures is spent on dual-eligible beneficiaries: Dual eligibles account for 16 percent of Medicare beneficiaries and 25 percent of Medicare spending.
- Dual eligibles cost Medicare about 1.8 times as much as nondual eligibles: $10,994 is spent per dual-eligible beneficiary, and $6,212 is spent per non-dual-eligible beneficiary.
- Total spending—which includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending across all payers—for dual eligibles averaged about $23,554 per person in 2005, over twice the amount for other Medicare beneficiaries.

Chart 3-2. Dual eligibles are more likely than nondual eligibles to be disabled, 2005

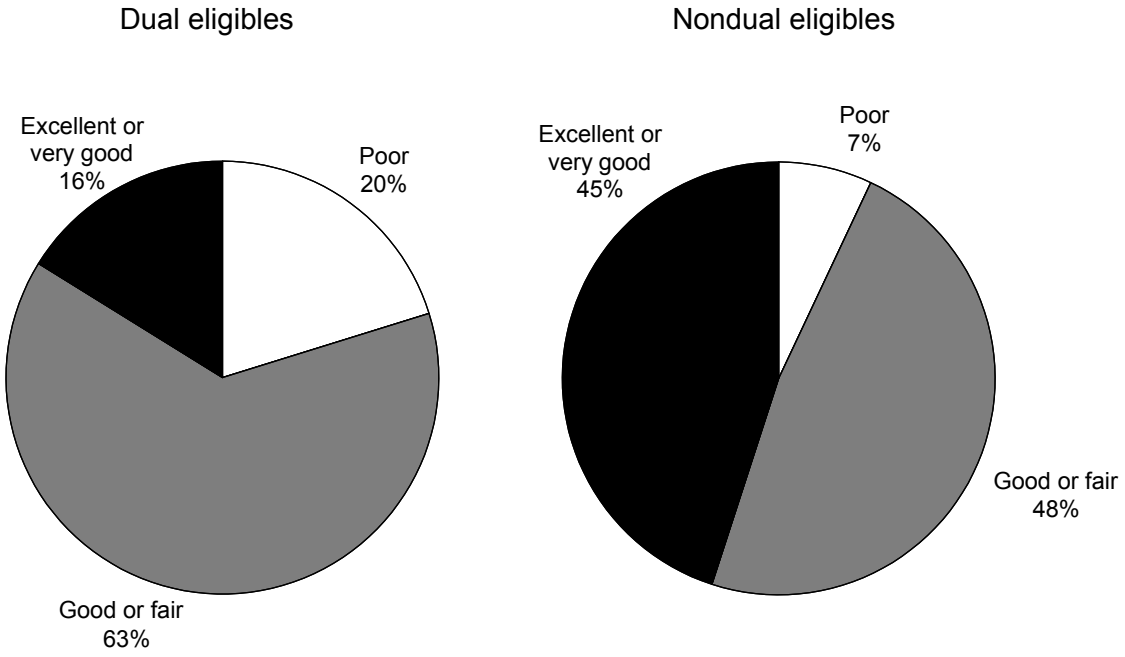


Note: Beneficiaries who are under age 65 qualify for Medicare because they are disabled. Once disabled beneficiaries reach age 65, they are counted as aged. Dual eligibles are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance. Totals may not sum to 100 percent due to rounding.

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

- Nearly 40 percent of dual eligibles are disabled, compared with only 11 percent of the non-dual-eligible population. Dual eligibles are also somewhat more likely than nondual eligibles to be age 85 or older.

Chart 3-3. Dual eligibles are more likely than nondual eligibles to report poorer health status, 2005



Note: Totals may not sum to 100 percent due to missing responses. Dual eligibles are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance.

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

- Relative to nondual eligibles, dual eligibles report poorer health status. The majority report good or fair status, but 20 percent of the dual-eligible population reports being in poor health (compared with less than 10 percent of the non-dual-eligible population).
- Dual eligibles are more likely to suffer from cognitive impairment and mental disorders, and they have higher rates of diabetes, pulmonary disease, stroke, and Alzheimer's disease than do nondual eligibles.
- Nineteen percent of dual eligibles reside in institutions, compared with 2 percent of nondual eligibles.

Chart 3-4. Demographic differences between dual eligibles and nondual eligibles, 2005

Characteristic	Percent of dual-eligible beneficiaries	Percent of non-dual-eligible beneficiaries
Sex		
Male	38%	45%
Female	62	55
Race/ethnicity		
White, non-Hispanic	57	83
African American, non-Hispanic	19	8
Hispanic	15	6
Other	9	4
Limitations in ADLs		
No ADLs	47	71
1–2 ADLs	25	19
3–6 ADLs	28	9
Residence		
Urban	71	77
Rural	28	23
Living arrangement		
Institution	19	2
Alone	30	28
Spouse	18	55
Children, nonrelatives, others	32	15
Education		
No high school diploma	54	23
High school diploma only	24	31
Some college or more	18	45
Income status		
Below poverty	53	9
100–125% of poverty	21	7
125–200% of poverty	19	21
200–400% of poverty	5	36
Over 400% of poverty	1	28
Supplemental insurance status		
Medicare or Medicare/Medicaid only	91	13
Medicare managed care	2	16
Employer	1	40
Medigap	1	24
Medigap/employer	0	6
Other*	5	2

Note: ADL (activity of daily living). Dual eligibles are designated as such if the months they qualify for Medicaid exceed the months they qualify for other supplemental insurance. Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2005, poverty was defined as income of $9,376 for people living alone and $11,815 for married couples. Totals may not sum to 100 percent due to rounding and exclusion of an "other" category. *Includes public programs such as the Department of Veterans Affairs and state-sponsored drug plans.

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

- Dual eligibles qualify for Medicaid due to low incomes: Fifty-three percent live below the poverty level, and 93 percent live below 200 percent of poverty. Compared to nonduals, dual eligibles are more likely to be female, African American, or Hispanic; lack a high school diploma; have greater limitations in activities of daily living; reside in a rural area; and live in an institution, alone, or with persons other than a spouse.

Chart 3-5. Differences in spending and service use between dual eligibles and nondual eligibles, 2005

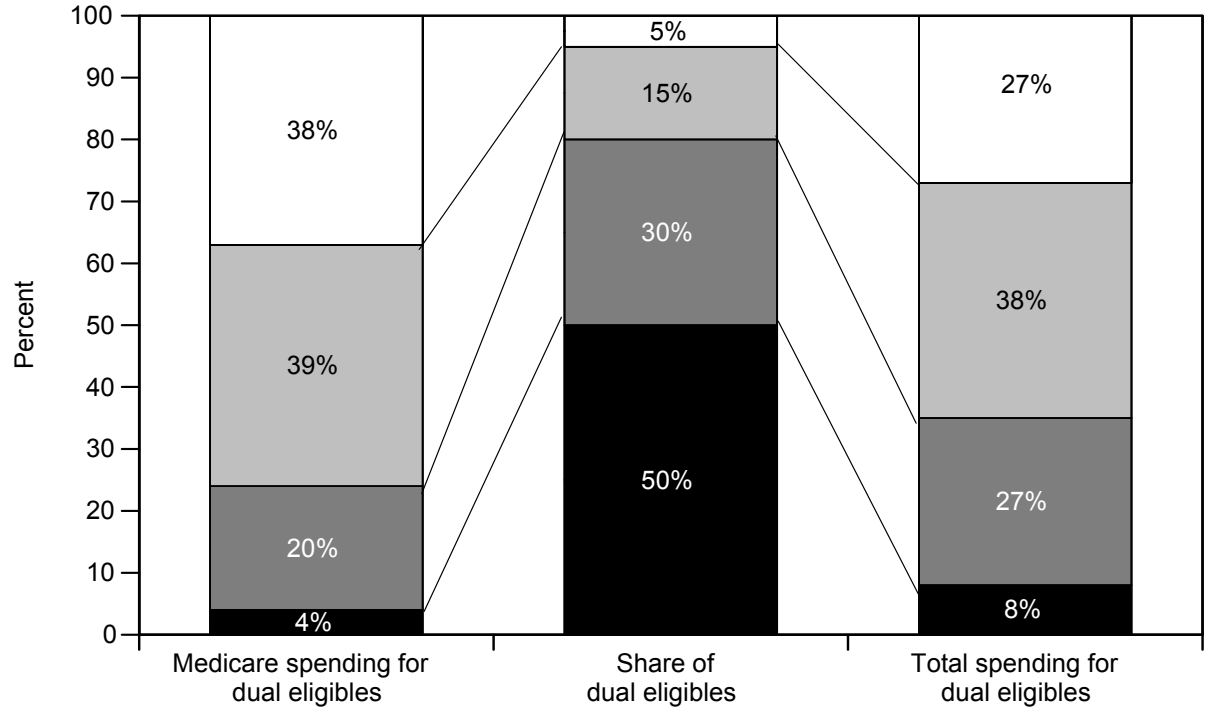
Service	Dual-eligible beneficiaries	Non-dual-eligible beneficiaries
Average Medicare payment for all beneficiaries		
Total Medicare payments	$10,994	$6,212
Inpatient hospital	4,586	2,618
Physician*	2,880	2,058
Outpatient hospital	1,641	749
Home health	500	311
Skilled nursing facility**	1,078	317
Hospice	273	136
Percent of beneficiaries using service		
Percent using any type of service	91.8%	85.2%
Inpatient hospital	27.8	18.3
Physician*	89.6	83.7
Outpatient hospital	72.6	61.3
Home health	10.6	7.8
Skilled nursing facility**	8.6	7.3
Hospice	3.1	1.8

Note: Includes only fee-for-service Medicare beneficiaries. Dual eligibles are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance. Spending totals derived from the Medicare Current Beneficiary Survey do not necessarily match official estimates from CMS, Office of the Actuary.
*Includes a variety of medical services, equipment, and supplies.
**Individual short-term facility (usually skilled nursing facility) stays for the Medicare Current Beneficiary Survey population.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, Cost and Use file, 2005, which updates the previous analysis by Liu, K., S.K. Long, and C. Aragon. 1998. Does health status explain higher Medicare costs Medicaid enrollees? *Health Care Financing Review* 20, no. 2 (Winter):39-54.

- Average per capita spending for dual eligibles is over 75 percent higher than for nondual eligibles—$10,994 compared to $6,212.
- For each type of service, average Medicare per capita payments are higher for duals than for nonduals. The largest percentage difference between the two groups is in outpatient hospital, skilled nursing facility (SNF), and home health services, for which Medicare spends over three times as much on duals as on nonduals.
- Higher average per capita spending for duals is a function of a higher proportion of duals using services than nonduals as well as greater volume or intensity of use among those using services. A higher proportion of duals than nonduals use at least one Medicare-covered service—92 percent versus 85 percent.
- Duals are more likely to use each type of Medicare-covered service than nonduals.

Chart 3-6. Both Medicare and total spending are concentrated among dual-eligible beneficiaries, 2005



Note: Total spending includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending. Dual eligibles are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance. Totals may not sum to 100 percent due to rounding.

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

- Annual Medicare spending is concentrated among a small number of dual-eligible beneficiaries. The costliest 20 percent of duals account for 77 percent of Medicare spending on duals; in contrast, the least costly 50 percent of duals account for only 4 percent of Medicare spending on duals.

- The distribution of total spending for dual eligibles is similar but somewhat less concentrated than the distribution of Medicare spending. For example, the top 5 percent of duals account for 27 percent of total spending, which includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending (compared with 38 percent of Medicare spending).

- On average, total spending for duals is almost twice as high as that for nonduals—$23,554 compared to $13,048.

Chart 3-7. Dual-eligible beneficiaries report generally good access to care

Question	Dual-eligible beneficiaries	Non-dual-eligible beneficiaries
Do you have a personal doctor or nurse?		
Yes	93.9%	95.8%
In the last 6 months, when you needed care right away, how often did you get care as soon as you thought you needed?		
Always or usually	87.3	92.5
In the last 6 months, not counting the times you needed care right away, how often did you get an appointment for your health care at a doctor's office or clinic as soon as you thought you needed?		
Always or Usually	85.1	88.6

Source: MedPAC analysis of CAHPS (Consumer Assessment of Health Care Providers and Systems) for fee-for-service Medicare, 2006.

- Dual-eligible beneficiaries often possess characteristics associated with needing care—limitations in activities of daily living and poor health status, for example—as well as having difficulty obtaining care—such as being poor and poorly educated.
- Survey results indicate that most duals report generally good access to care, although somewhat lower than beneficiaries with other sources of supplemental insurance.

Web links. Dual-eligible beneficiaries

- Chapter 3 of the MedPAC June 2004 Report to the Congress provides further information on dual-eligible beneficiaries.

  http://www.medpac.gov/publications/congressional_reports/June04_ch3.pdf

- The Kaiser Family Foundation provides information on dual-eligible beneficiaries.

  http://kff.org

- The CMS Medicaid At-A-Glance publication provides information on the Medicaid program.

  http://www.cms.hhs.gov/MedicaidGenInfo/downloads/MedicaidAtAGlance2005.pdf