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In the Literature

Highlights from Commonwealth Fund-Supported Studies in Professional Journals

Medicare Beneficiaries Less Likely to Experience Cost- and Access-Related Problems than Adults with Private Coverage

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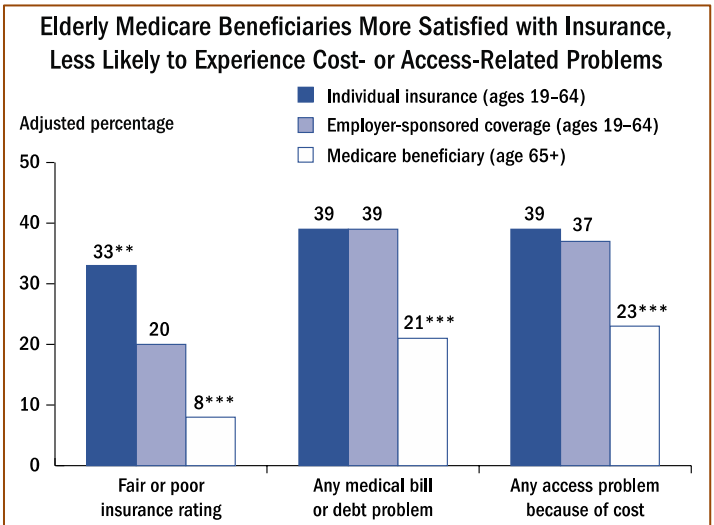
Synopsis

Medicare beneficiaries age 65 and older are more satisfied with their health insurance, have better access to care, and are less likely to have problems paying medical bills than working-age adults who get insurance through employers or purchase coverage on their own.

The Issue

The aging of the U.S. population is posing challenges to the Medicare program. Policymakers have proposed a variety of measures to reduce spending, including shifting beneficiaries to a defined contribution plan. Commonwealth Fund researchers argue that when exploring options for sustaining coverage for the 65-and-older population—as well as for expanding coverage for those under age 65—policymakers need to consider the experiences of people covered by Medicare, employer-based health plans, and individual market plans. In this study, the researchers used data from the Commonwealth Fund 2010 Health Insurance Survey to compare individuals` experiences.



Notes: Medical bill problems include: not able to pay bills, contacted by a collection agency for unpaid medical bills only, had to change way of life because of medical bills, or have medical bills or debt being paid off over time. Access problems include: did not fill prescription, did not get needed specialist care, skipped recommended test or follow-up, had medical problems but did not visit doctor. Indicates significant difference from employer insurance: ** p<0.01, *** p<0.001.
Source: Adapted from K. Davis, K. Stremikis, M. M. Doty, and M. A. Zezza, "Medicare Beneficiaries Less Likely to Experience Cost- and Access-Related Problems than Adults with Private Coverage," *Health Affairs* Web First, published online July 18, 2012.

Key Findings

- Medicare beneficiaries are more satisfied with their health coverage than enrollees in either employer-sponsored plans or individual plans. Only 8 percent of Medicare beneficiaries age 65 or older rated

their insurance as fair or poor, compared with 20 percent of adults with employer-sponsored insurance and 33 percent of adults purchasing coverage in the individual market.

- Medicare beneficiaries have better access to care and greater financial protection than adults with private coverage. In 2010, about one-fourth (23%) of Medicare beneficiaries went without needed care because of the cost, compared with 37 percent of people with employer-based coverage. Those enrolled in an employer plan (39%) and those with individual coverage (39%) reported medical bill problems at almost double the rate of Medicare beneficiaries (21%).
- Twenty-nine percent of elderly adults with Medicare reported spending 10 percent or more of their income on medical costs, compared with 37 percent of adults with employer-based coverage and 58 percent with individual insurance.
- Within Medicare, satisfaction varied depending on whether beneficiaries were enrolled in traditional Medicare or Medicare Advantage plans offered by private insurance companies. Fifteen percent of those with Medicare Advantage rated their insurance as fair or poor, compared with 6 percent of those with traditional Medicare.

Addressing the Problem

Given the positive experiences reported by Medicare beneficiaries, policymakers should consider extending traditional Medicare coverage to the nonelderly population through the state insurance exchanges, the authors say. On the other hand, policy proposals that would replace Medicare with cash vouchers for purchasing private insurance should be considered warily: Commonwealth Fund survey results suggest shifting more beneficiaries to private plans could leave them less satisfied with their coverage and at increased risk for problems accessing needed care.

About the Study

The authors analyzed data from the Commonwealth Fund 2010 Health Insurance Survey, which asked U.S. adults age 19 and older about their access to and experiences with health care, out-of-pocket costs, benefits, income, health status, insurance status, age, and other demographic characteristics.

The Bottom Line

Medicare beneficiaries are more satisfied with their health coverage—and have fewer health care access and medical bill problems—than adults with private insurance. Policymakers should proceed with caution when considering options to move beneficiaries to private plans.

Citation

K. Davis, K. Stremikis, M. M. Doty, and M. A. Zezza, "Medicare Beneficiaries Less Likely to Experience Cost- and Access-Related Problems than Adults with Private Coverage," *Health Affairs* Web First, published online July 18, 2012.

This summary was prepared by Deborah Lorber.