

Low-Income and Rural Beneficiaries with Medigap Coverage, 2002

May 2005

Summary: Medigap supplemental coverage has long helped Medicare beneficiaries fill in gaps in their benefits. While policymakers focus on implementing the new Medicare drug benefit, recently released data from the 2002 Medicare Current Beneficiary Survey serve as a reminder of the critical role played by Medigap coverage.

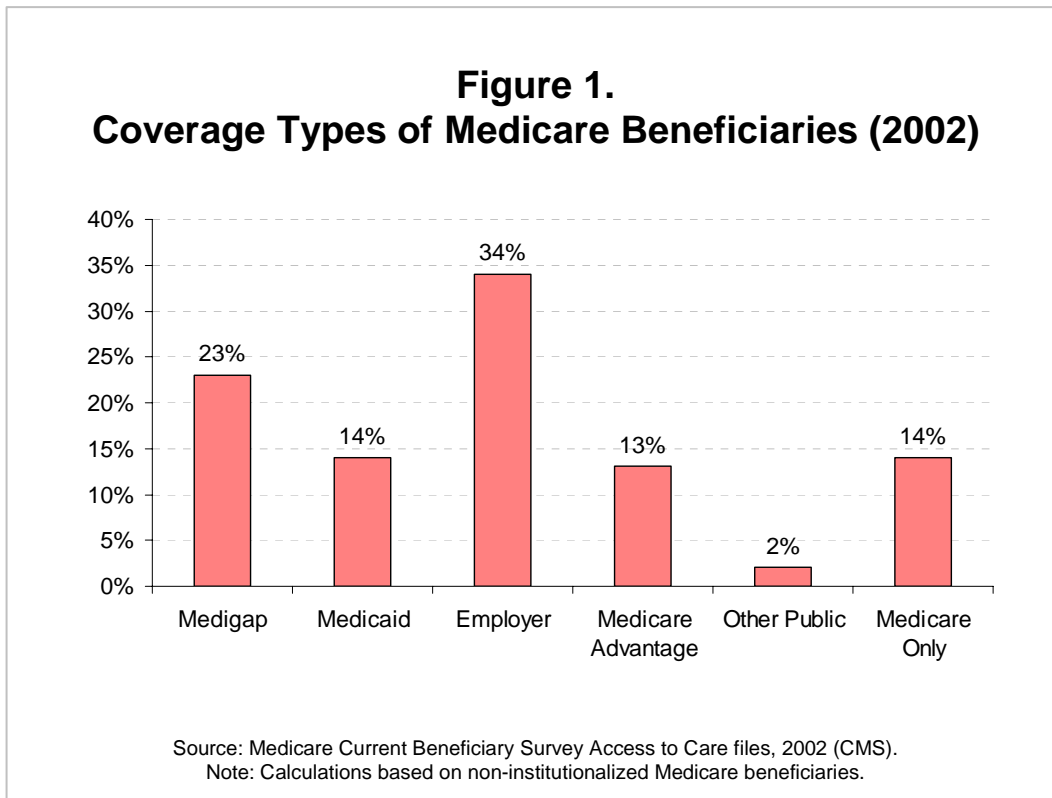
Medigap is particularly important to low- and moderate-income beneficiaries, especially those living in rural areas. Here are some highlights from the survey:

- Thirty-two percent of Medigap policyholders resided in a rural area in 2002; by comparison, only 24 percent of all Medicare beneficiaries resided in a rural area.
- More than half (53 percent) of rural Medigap policyholders had incomes under \$20,000 in 2002, and 45 percent of all Medigap policyholders (living in rural or metropolitan areas) had incomes under \$20,000. Three-quarters of rural Medigap policyholders and over two-thirds of all Medigap policyholders had incomes below \$30,000.
- Overall, 33 percent of Medigap policyholders had incomes ranging from \$10,000 to \$20,000, the highest proportion of all income ranges. In rural areas, 38 percent of Medigap policyholders were in this income bracket.
- Medigap policyholders reported similar rates of particular chronic diseases -- diabetes, arthritis, and chronic lung disease -- as beneficiaries with Medicare Advantage plans, employer-based supplemental coverage, or Medicare alone.
- Medicare beneficiaries with some form of private coverage -- including Medigap, Medicare Advantage, or employer-based plans -- reported better health status and received more preventive care than those with Medicare alone.

In general, the statistics in this report are calculated from records on non-institutionalized (aged and disabled) Medicare beneficiaries. For a definition of geographic areas see Appendix B, Methodology.

Medigap Covered Almost One-Quarter of Medicare Beneficiaries in 2002. Nationwide, 23 percent of all non-institutionalized Medicare beneficiaries chose a Medigap policy in 2002 (see Figure 1). This was the second most common form of supplemental coverage, after employer-based coverage (34 percent).

By contrast, 14 percent of Medicare beneficiaries had supplemental coverage through Medicaid, and 13 percent chose a comprehensive Medicare Advantage plan. Another 14 percent of Medicare beneficiaries had no supplemental coverage.



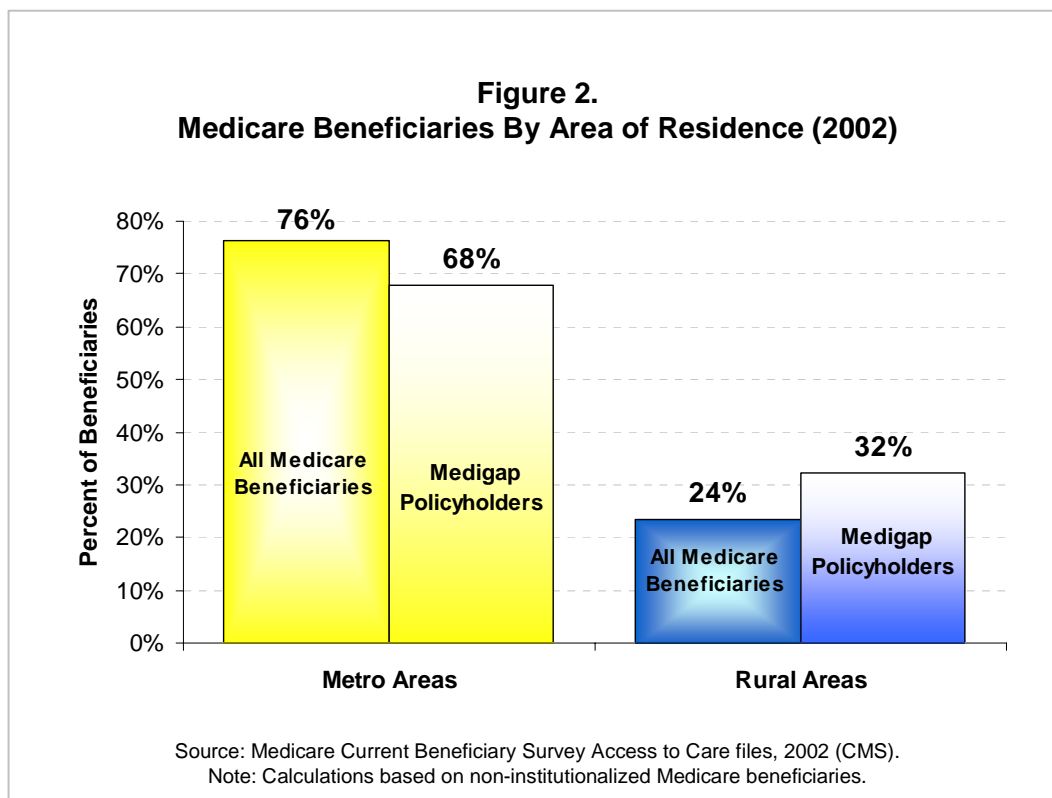
Persons with both employer-based and Medigap coverage were categorized as having employer-based coverage. Approximately 5 percent of Medicare beneficiaries had an employer-based plan and a Medigap policy.¹

¹ For more information about how people with various coverage types were categorized see Appendix B.

Beneficiaries with Medigap Tend to Have Low Incomes and Live in Rural Areas.

According to the survey data, a disproportionate number of Medigap policyholders had low incomes and lived in rural areas.

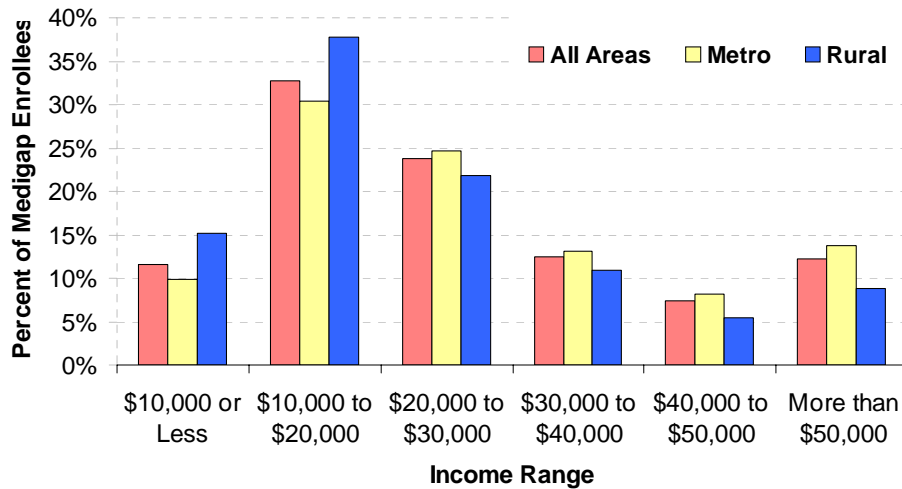
Thirty-two percent of all beneficiaries with Medigap coverage lived in rural (non-metropolitan) areas in 2002. By comparison, 24 percent of all Medicare beneficiaries lived in rural areas (see Figure 2).



In 2002, the most common income range for Medigap policyholders was \$10,000 to \$20,000 (see Figure 3).² Thirty-three percent of Medigap policyholders overall had incomes within this range, and 38 percent of Medigap policyholders living in rural areas had incomes between \$10,000 and \$20,000.

² The Medicare Current Beneficiary Survey is conducted by the Centers for Medicare & Medicaid Services (CMS). The survey may understate beneficiaries' total incomes. However, there is no reason to believe that income underreporting would distort the comparisons across types of supplemental coverage, which are the main subject of this report.

**Figure 3.
Medigap Policyholders By Income, Metro versus Rural (2002)**



Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).
Note: Calculations based on non-institutionalized Medicare beneficiaries.

The second most common income range for Medigap policyholders was \$20,000 to \$30,000. About one-quarter (24 percent) of all Medigap policyholders had incomes in this range, and 22 percent of rural Medigap policyholders had incomes between \$20,000 and \$30,000 in 2002.

A substantial number of Medicare beneficiaries with incomes below \$10,000 purchased Medigap coverage. Twelve percent of all Medigap policyholders and 15 percent of rural Medigap policyholders had less than \$10,000 in annual income in 2002.

Overall, more than half (53 percent) of rural Medigap policyholders had incomes under \$20,000 in 2002, and 45 percent of all Medigap policyholders (rural or metro) had incomes under \$20,000. Similarly, 75 percent of rural Medigap policyholders and 69 percent of all Medigap policyholders had incomes under \$30,000.

Across the U.S., 27 percent of Medicare beneficiaries with incomes between \$10,000 and \$20,000 chose a Medigap policy in 2002. Seventeen percent chose a Medicare Advantage plan, and 20 percent had Medicare only (see Table 1).

**Table 1. All Geographic Areas
Income Range of Medicare Beneficiaries By Coverage Type (2002)**

Coverage Type	Income Range					
	<u>\$10,000 or Less</u>	<u>\$10,000 to \$20,000</u>	<u>\$20,000 to \$30,000</u>	<u>\$30,000 to \$40,000</u>	<u>\$40,000 to \$50,000</u>	<u>More than \$50,000</u>
Medigap	13%	27%	26%	23%	23%	25%
Medicaid	46%	10%	1%	**	**	**
Employer-Based	8%	24%	41%	49%	52%	55%
Medicare Advantage	10%	17%	16%	14%	13%	9%
Other Public	2%	3%	2%	1%	1%	1%
Medicare Only	21%	20%	14%	13%	11%	10%
Total	100%	100%	100%	100%	100%	100%

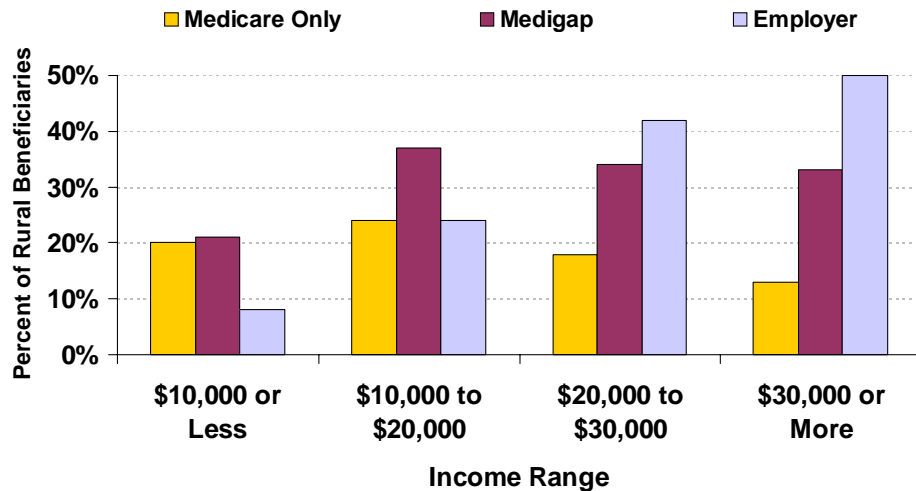
Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Note: Calculations based on non-institutionalized Medicare beneficiaries.

** Less than 1 percent

In rural areas, 37 percent of beneficiaries with incomes between \$10,000 and \$20,000 chose a Medigap policy. By contrast, only 24 percent of rural beneficiaries in the \$10,000 to \$20,000 income range had employer-based coverage. However, employer-based coverage was the most common form of supplemental benefits for Medicare beneficiaries in higher income brackets (see Figure 4).

Figure 4.
Income Level of Medicare Beneficiaries in Rural Areas,
By Private Supplemental Coverage Type (2002)



Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).
 Note: Calculations based on non-institutionalized Medicare beneficiaries who lived in a rural area.

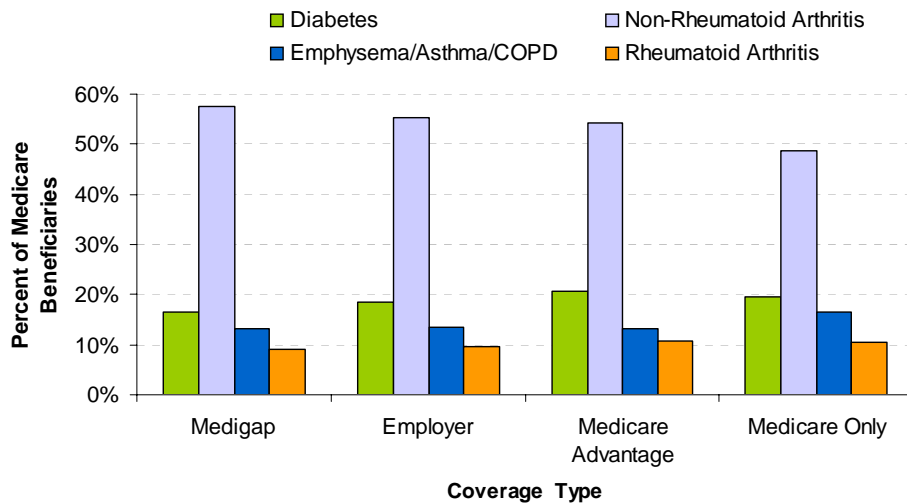
Health Status and Care of Medigap Policyholders. Medigap policyholders reported rates of chronic disease that are similar to those of Medicare beneficiaries with Medicare Advantage plans, those with employer-based supplemental coverage, as well as those beneficiaries without any private coverage. However, Medicare beneficiaries without any private coverage reported worse health status and less preventive care than beneficiaries with private coverage.

Incidence of Chronic Disease. Figure 5 shows that Medigap policyholders had about the same rates of diabetes, arthritis, and chronic lung disease (defined as emphysema, asthma, and/or chronic obstructive pulmonary disease) as Medicare beneficiaries with other types of private coverage.

For example, between 17 and 21 percent of beneficiaries with private coverage reported having diabetes. Likewise, approximately 65 percent of beneficiaries with supplemental or comprehensive private coverage reported having a form of arthritis (rheumatoid or non-rheumatoid).

For the most part, Medicare beneficiaries with private coverage had similar rates of these chronic diseases as beneficiaries with Medicare alone. Beneficiaries without private coverage had slightly lower rates of arthritis, but higher rates of chronic lung disease. However, these differences were relatively small.

**Figure 5.
Percent Of Medicare Beneficiaries With Certain
Chronic Conditions, By Type Of Coverage (2002)**



Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).
Note: Calculations based on non-institutionalized Medicare beneficiaries.

Health Status. Medigap policyholders reported that they faced roughly the same rate of physical limitations in their activities as beneficiaries with other forms of private supplemental or comprehensive coverage.

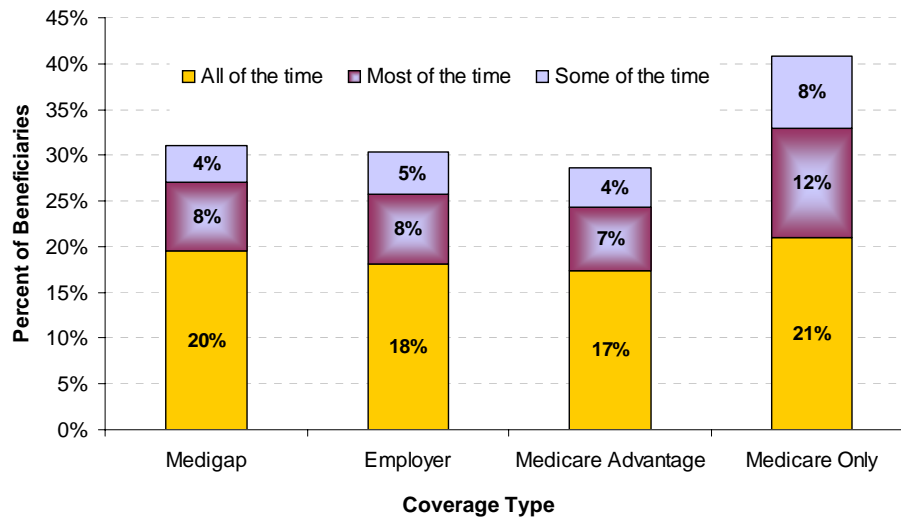
Approximately 30 percent of beneficiaries with Medigap, Medicare Advantage, or employer-based supplemental coverage reported having health status limitations some or all of the time.

However, beneficiaries with Medicare alone reported their health status was considerably worse than that of Medicare beneficiaries with some type of private coverage, noting at least some physical activity limitations 40 percent of the time (see Figure 6).

Preventive Care. Medigap policyholders and Medicare Advantage enrollees reported rates of preventive services that were about equal to those reported by beneficiaries with employer-based coverage. This is notable because beneficiaries with employer-based coverage have considerably higher average incomes, and would reasonably be expected to have a greater likelihood of receiving preventive care.

However, Medicare beneficiaries with Medicare alone reported lower rates of preventive services than beneficiaries with some form of private coverage.

Figure 6.
Percent Of Medicare Beneficiaries Whose Health Status Limited Their Social Activities, By Type Of Coverage, 2002



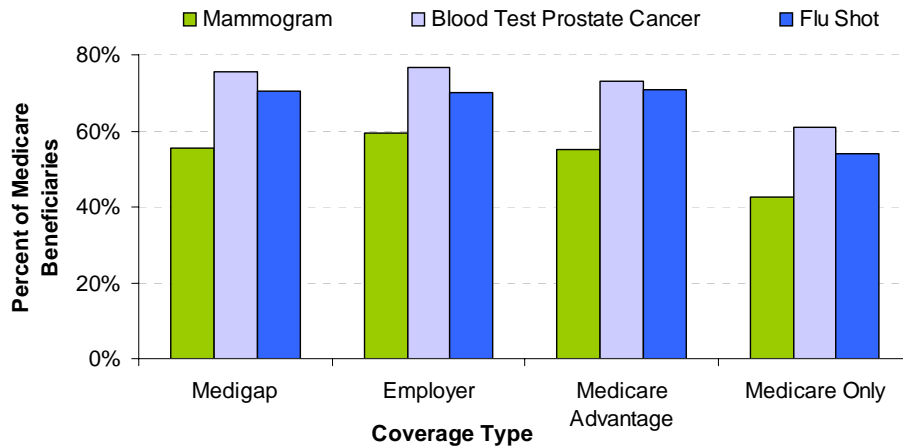
Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).
 Note: Calculations based on non-institutionalized Medicare beneficiaries.

For example, 55 to 60 percent of female beneficiaries with some form of private coverage reported receiving a mammogram in the previous year. Specifically, 56 percent of women with Medigap coverage, 55 percent of women with Medicare Advantage coverage, and 60 percent of women with employer-based coverage received a mammogram. However, only 43 percent of women without any private coverage received a mammogram.

Between 73 and 77 percent of male beneficiaries with some form of private coverage reported receiving a blood test for prostate cancer in the previous year. Seventy-five percent of men with Medigap coverage, 73 percent of men in Medicare Advantage, and 77 percent of men with employer-based coverage received the screening. However, only 61 percent of men with Medicare alone received the test.

Finally, 71 percent of beneficiaries with Medigap coverage received a flu shot. The percentage of beneficiaries who received flu shots was identical for Medicare Advantage enrollees, and similar for beneficiaries with employer-based coverage (70 percent). However, only 54 percent of beneficiaries without private coverage had the flu immunization (see Figure 7).

Figure 7.
Percent of Medicare Beneficiaries Receiving Specific Preventive Services During Previous Year, by Type of Coverage, 2002



Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).
 Note: Calculations based on non-institutionalized Medicare beneficiaries.

Most Popular Medigap Plans. Medigap plans are characterized by letters A through J. These specific models for Medigap benefits were designed by the National Association of Insurance Commissioners (NAIC), and Medigap insurers are required to offer benefits according to one of the NAIC designs.

The benefit designs labeled "C" and "F" were by far the most popular Medigap plans. These plans cover nearly all of Medicare's deductibles and coinsurance (see Table 2).

Table 2.
Description Of Medigap Plan Types, And Percent Of Medigap Policyholders With Each Type Of Plan (2002)

	Types of Medigap Policies: Plans A Through J									
	A	B	C	D	E	F	G	H	I	J
Basic Benefits	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Skilled Nursing Coinsurance			✓	✓	✓	✓	✓	✓	✓	✓
Medicare Part A Deductible		✓	✓	✓	✓	✓	✓	✓	✓	✓
Medicare Part B Deductible			✓			✓				✓
Medicare Part B Excess Charge (100%)						✓			✓	✓
Medicare Part B Excess Charge (80%)							✓			
Foreign Travel Emergency			✓	✓	✓	✓	✓	✓	✓	✓
At-Home Recovery				✓			✓		✓	✓
Basic Drug Benefit *								✓	✓	✓
Percent of Medigap Policyholders With Type of Medigap Plan	7%	8%	20%	8%	4%	38%	4%	3%	3%	7%
<p>* Basic drug benefit limit for Plans H and I is \$1,250; for Plan J is \$3,000.</p> <p>Source for Medigap plan description: “2004, Choosing A Medigap Policy, A Guide To Health Insurance For People With Medicare,” April 2004, Centers for Medicare & Medicaid Services.</p> <p>Source for Medigap policyholders’ plan types: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).</p> <p>Note: Calculations based on non-institutionalized Medicare beneficiaries.</p>										

**APPENDIX A
TABLES**

**Table 1A.
Geographic Location of Medicare Beneficiaries, By Coverage Type (2002)**

Income Range	Geographic Location		
	<u>Rural</u>	<u>Metro</u>	<u>Total</u>
All Medicare Beneficiaries	24%	76%	100%
Medigap	32%	68%	100%
Medicaid	31%	69%	100%
Employer-Based	22%	78%	100%
Medicare Advantage	2%	98%	100%
Other Public	23%	77%	100%
Medicare Only	28%	72%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Note: Calculations based on non-institutionalized Medicare beneficiaries.

Table 1A shows the coverage type of Medicare beneficiaries by geographic location (rural or metro).

For example, 32 percent of Medigap policyholders lived in rural areas in 2002.

The percentages in this table may not appear to sum to 100 percent due to rounding.

Table 2A.
Geographic Location of Medigap Policyholders, By Income (2002)

Income Range	Geographic Location		
	<u>Rural</u>	<u>Metro</u>	<u>All Areas</u>
\$10,000 or Less	15%	10%	12%
\$10,000 to \$20,000	38%	30%	33%
\$20,000 to \$30,000	22%	25%	24%
\$30,000 to \$40,000	11%	13%	12%
\$40,000 to \$50,000	5%	8%	7%
More than \$50,000	9%	14%	12%
Total	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Note: Calculations based on non-institutionalized Medicare beneficiaries.

Table 2A shows the geographic location (rural, metro, all locations) of Medigap policyholders, by income range.

For example, 38 percent of rural Medigap policyholders had incomes between \$10,000 and \$20,000 in 2002.

The percentages in this table may not appear to sum to 100 percent due to rounding.

**Table 3A. All Geographic Areas
Income Range of Medicare Beneficiaries By Coverage Type (2002)**

Coverage Type	Income Range					
	<u>\$10,000 or Less</u>	<u>\$10,000 to \$20,000</u>	<u>\$20,000 to \$30,000</u>	<u>\$30,000 to \$40,000</u>	<u>\$40,000 to \$50,000</u>	<u>More than \$50,000</u>
Medigap	13%	27%	26%	23%	23%	25%
Medicaid	46%	10%	1%	**	**	**
Employer-Based	8%	24%	41%	49%	52%	55%
Medicare Advantage	10%	17%	16%	14%	13%	9%
Other Public	2%	3%	2%	1%	1%	1%
Medicare Only	21%	20%	14%	13%	11%	10%
Total	100%	100%	100%	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Note: Calculations based on non-institutionalized Medicare beneficiaries.

Table 3A shows the income range of all Medicare beneficiaries, by coverage type, in all geographic areas.

For example, of all Medicare beneficiaries who had incomes between \$10,000 and \$20,000 in 2002, 27 percent had a Medigap policy.

** Less than 1 percent

The percentages in this table may not appear to sum to 100 percent due to rounding.

**Table 4A. Metro Areas
Income Range of Medicare Beneficiaries By Coverage Type (2002)**

Coverage Type	Income Range					
	\$10,000 or Less	\$10,000 to \$20,000	\$20,000 to \$30,000	\$30,000 to \$40,000	\$40,000 to \$50,000	More than \$50,000
Medigap	10%	23%	24%	21%	21%	23%
Medicaid	44%	9%	1%	**	**	**
Employer-Based	8%	24%	41%	49%	52%	56%
Medicare Advantage	13%	23%	20%	17%	15%	10%
Other Public	3%	3%	2%	**	**	**
Medicare Only	21%	18%	13%	12%	11%	10%
Total	100%	100%	100%	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Note: Calculations based on non-institutionalized Medicare beneficiaries.

Table 4A shows the income range of all Medicare beneficiaries who lived in a metro area in 2002, by coverage type.

For example, of all Medicare beneficiaries who lived in a metro area in 2002 and had incomes between \$10,000 and \$20,000, 23 percent had a Medigap policy.

The percentages in this table may not appear to sum to 100 percent due to rounding.

Table 5A. Rural Areas
Income Range of Medicare Beneficiaries By Coverage Type (2002)

Coverage Type	Income Range					
	<u>\$10,000 or Less</u>	<u>\$10,000 to \$20,000</u>	<u>\$20,000 to \$30,000</u>	<u>\$30,000 to \$40,000</u>	<u>\$40,000 to \$50,000</u>	<u>More than \$50,000</u>
Medigap	21%	37%	34%	30%	31%	37%
Medicaid	49%	12%	2%	**	**	**
Employer-Based	8%	24%	42%	50%	52%	50%
Medicare Advantage	**	1%	2%	3%	1%	1%
Other Public	2%	3%	2%	2%	4%	1%
Medicare Only	20%	24%	18%	14%	12%	10%
Total	100%	100%	100%	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Note: Calculations based on non-institutionalized Medicare beneficiaries.

Table 5A shows the income range of all Medicare beneficiaries who lived in a rural area in 2002, by coverage type.

For example, of all Medicare beneficiaries who lived in a rural area in 2002 and had incomes between \$10,000 and \$20,000, 37 percent had a Medigap policy.

** Less than 1 percent

The percentages in this table may not appear to sum to 100 percent due to rounding.

Table 6A. United States - Active Choosers

	<u>Medicare Only</u>	<u>Medicare Advantage</u>	<u>Medigap</u>
<u>All</u>	27%	35%	37%
<u>Geographic Location</u>			
Rural Areas	31%	20%	48%
Metro Areas	27%	36%	37%
<u>Race/Ethnicity</u>			
Non-White	46%	39%	15%
White	24%	35%	41%
<u>Education</u>			
Less Than High School	36%	35%	29%
High School	25%	36%	39%
Some College / College Degree	23%	35%	42%
<u>Income Range</u>			
\$10,000 or Less	48%	27%	25%
\$10,000 to \$20,000	27%	39%	34%
\$20,000 to \$30,000	21%	39%	40%
\$30,000 to \$40,000	23%	38%	39%
\$40,000 to \$50,000	20%	35%	45%
More than \$50,000	22%	26%	52%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Table 6A shows the coverage type of all active choosers in the U.S., by geographic location, race/ethnicity, education, and income range.

For example, of all active choosers who lived in a rural area in 2002, 48 percent had a Medigap policy.

Note: Calculations based on non-institutionalized Medicare beneficiaries who lived in an area with at least one Medicare Advantage plan offering. The percentages in this table may not appear to sum to 100 percent due to rounding.

“Active choosers” are Medicare beneficiaries who do not have employer-based coverage, do not qualify for Medicaid, and live in an area with at least one Medicare Advantage Plan. The beneficiaries can choose among Medicare Advantage, Medigap, or Medicare alone.

The percentages in this table may not appear to sum to 100 percent due to rounding.

Table 7A.
Geographic Location of Medigap Policyholders, By Type of Medigap Plan (2002)

Medigap Plan Type	Geographic Location		
	<u>Rural</u>	<u>Metro</u>	<u>All Areas</u>
Plan A	5%	7%	7%
Plan B	5%	9%	8%
Plan C	19%	20%	20%
Plan D	7%	8%	8%
Plan E	3%	4%	4%
Plan F	46%	34%	38%
Plan G	1%	5%	4%
Plan H	3%	3%	3%
Plan I	3%	2%	3%
Plan J	7%	7%	7%
Total	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Note: Calculations based on non-institutionalized Medicare beneficiaries.

Table 7A shows the geographic location of Medigap policyholders, by type of Medigap plan.

For example, of all Medigap policyholders who lived in a rural area in 2002, 46 percent had Medigap Plan F; across the U.S. 38 percent of all Medigap policyholders had Medigap Plan F in 2002.

The percentages in this table may not appear to sum to 100 percent due to rounding.

Table 8A.
Income Range of Medigap Policyholders, By Medigap Plan Type (2002)

Medigap Plan Type	Income Range					
	<u>\$10,000 or Less</u>	<u>\$10,000 to \$20,000</u>	<u>\$20,000 to \$30,000</u>	<u>\$30,000 to \$40,000</u>	<u>\$40,000 to \$50,000</u>	<u>More than \$50,000</u>
Plan A	12%	7%	7%	3%	6%	6%
Plan B	16%	9%	7%	7%	6%	2%
Plan C	26%	26%	19%	17%	11%	18%
Plan D	5%	10%	7%	11%	3%	7%
Plan E	3%	4%	4%	4%	1%	4%
Plan F	31%	32%	40%	44%	40%	40%
Plan G	2%	3%	5%	3%	5%	5%
Plan H	3%	2%	2%	1%	4%	5%
Plan I	1%	2%	2%	4%	7%	2%
Plan J	1%	5%	7%	6%	18%	11%
Total	100%	100%	100%	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).
 Note: Calculations based on non-institutionalized Medicare beneficiaries.

Table 8A shows the income range of Medigap policyholders, by type of Medigap plan.

For example, of all Medigap policyholders who had incomes between \$10,000 and \$20,000 in 2002, 32 percent had Medigap Plan F.

The percentages in this table may not appear to sum to 100 percent due to rounding.

Table 9A.
Percent of Medicare Beneficiaries With Diabetes, Emphysema/Asthma/COPD, Or**
Rheumatoid Arthritis, By Coverage Type (2002)

Coverage Type	Percent of Medicare Beneficiaries Having These Conditions			
	<u>Diabetes</u>	<u>Emphysema, Asthma, COPD</u>	<u>Non-Rheumatoid Arthritis</u>	<u>Rheumatoid Arthritis</u>
Medicare Advantage	21%	13%	54%	11%
Medicaid	27%	22%	59%	17%
Employer-Based	18%	13%	55%	10%
Medigap	17%	13%	58%	9%
Other Public	20%	20%	61%	15%
Medicare Only	19%	16%	49%	11%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Note: Calculations based on non-institutionalized Medicare beneficiaries.

Table 9A shows the percentage of Medicare beneficiaries that had a diagnosis of diabetes, emphysema/asthma/COPD, and/or rheumatoid arthritis in 2002, by coverage type.

For example, 17 percent of Medigap policyholders had diabetes in 2002.

** Chronic obstructive pulmonary disease

Table 10A.
General Health Of Medicare Enrollees As Compared To Others Of Same Age, Self-Reported, By Coverage Type (2002)

Coverage Type	Health Status					Total
	<u>Excellent</u>	<u>Very Good</u>	<u>Good</u>	<u>Fair</u>	<u>Poor</u>	
Medicare Advantage	17%	29%	33%	15%	5%	100%
Medicaid	6%	14%	31%	31%	18%	100%
Employer-Based	17%	30%	30%	16%	7%	100%
Medigap	17%	30%	33%	17%	4%	100%
Other Public	11%	23%	37%	22%	6%	100%
Medicare Only	15%	20%	28%	23%	14%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Note: Calculations based on non-institutionalized Medicare beneficiaries.

Table 10A shows the self-reported health status of Medicare beneficiaries in 2002, by type of coverage.

For example, of people with a Medigap policy in 2002, 17 percent reported their health was excellent compared to others of the same age.

The percentages in this table may not appear to sum to 100 percent due to rounding.

Table 11A.
Percentage of Medicare Beneficiaries Whose Health Status Limited Their Social Activities,
By Coverage Type (2002)

Coverage Type	How Often Health Status Limited Social Activities			
	<u>All Of The Time</u>	<u>Most Of The Time</u>	<u>Some Of The Time</u>	<u>None Of The Time</u>
Medicare Advantage	4%	7%	17%	71%
Medicaid	11%	17%	32%	40%
Employer-Based	5%	8%	18%	70%
Medigap	4%	8%	20%	69%
Other Public	8%	8%	21%	63%
Medicare Only	8%	12%	21%	59%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Note: Calculations based on non-institutionalized Medicare beneficiaries.

Table 11A shows the percent of Medicare beneficiaries whose health status limited their social activities in 2002, by coverage type.

For example, of people with a Medigap policy in 2002, 20 percent reported that their health status limited social activities some of the time.

The percentages in this table may not appear to sum to 100 percent due to rounding.

**Table 12A.
Medicare Beneficiaries Who Reported Receiving Mammogram, Blood Test For Prostate Cancer, Flu Shot In The Last Year, By Coverage Type (2002)**

Coverage Type	Percent of Medicare Beneficiaries Who Received These Preventive Services		
	<u>Mammogram</u>	<u>Blood test for prostate cancer</u>	<u>Flu shot</u>
Medicare Advantage	55%	73%	71%
Medicaid	44%	47%	54%
Employer-Based	60%	77%	70%
Medigap	56%	75%	71%
Other Public	49%	59%	65%
Medicare Only	43%	61%	54%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Note: Calculations based on non-institutionalized Medicare beneficiaries.

Table 12A shows the percent of Medicare beneficiaries who received certain preventive services in 2002, by coverage type.

For example, 71 percent of Medigap policyholders received a flu shot in 2002.

Table 13A.
Geographic Location Of Medigap Policyholders By Marital Status (2002)

Income Range	Geographic Location		
	<u>Rural</u>	<u>Metro</u>	<u>All Areas</u>
Married	59%	53%	53%
Widowed	34%	36%	30%
Divorced	5%	8%	10%
Separated	**	**	1%
Never married	2%	4%	6%
Total	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Note: Calculations based on non-institutionalized Medicare beneficiaries

Table 13A shows the geographic area in which Medigap residences resided in 2002, by marital status.

For example, 34 percent of all Medigap policyholders who lived in a rural area in 2002 were widowed.

** Less than one percent

The percentages in this table may not appear to sum to 100 percent due to rounding.

APPENDIX B METHODOLOGY

The purpose of this study was to describe the characteristics of Medicare beneficiaries with Medigap supplemental coverage, and compare those characteristics with those of Medicare beneficiaries having other types of supplemental coverage or no supplemental coverage. We describe the beneficiaries by income range, geographic location (rural versus metro), selected health status characteristics, education, and marital status. In addition we describe the demographic characteristics of Medicare beneficiaries that purchased certain types of Medigap policies (plans A through J) in 2002.

Data for this study came from the 2002 Medicare Current Beneficiary Survey (MCBS), Access to Care Files, Centers for Medicare & Medicaid Services (CMS).

In general, we selected a subset of the data which included records of beneficiaries who were not institutionalized, and for some analyses we selected records of beneficiaries living in an area with at least one Medicare Advantage plan offering.

Each beneficiary record in the subset was categorized according to a hierarchy of six coverage types. The studied coverage types included Medicare Advantage, Medicaid, employment-based coverage, Medigap, other public coverage³, and Medicare alone. The hierarchy is listed below.

Coverage Type Hierarchy

1. Enrolled in Medicare Advantage
2. Enrolled in Medicaid
3. Has employment-based insurance, or employment-based insurance and self-purchased insurance (Medigap)
4. Has self-purchased insurance only (Medigap)
5. Has other public coverage
6. Medicare only (Medicare fee-for-service only)

For example, the first coverage type included beneficiaries with Medicare Advantage; the second coverage type included beneficiaries with Medicaid, excluding beneficiaries with Medicare Advantage, and so on. For beneficiaries categorized in the Medicare Advantage and Medicaid hierarchies, a point in time selection was made for including beneficiary records in these respective categories to more accurately reflect their coverage types.⁴ Category three contains records on beneficiaries with employment-based supplemental coverage and those with both employment-based coverage and a Medigap plan. Category four contains records on beneficiaries with only Medigap. The “other public coverage” category (5) contains records on beneficiaries’ with supplemental health benefits through military or veterans’ coverage, such as TRICARE.

³ e.g. coverage from Veterans’ Administration, TRICARE

⁴ June 2002 was chosen for the point in time to select beneficiary records for inclusion in Medicare Advantage or Medicaid categories. Because of how MCBS data is captured and reported, the other option was to choose beneficiaries who were enrolled in a Medicare Advantage plan or Medicaid at any time during the year. We chose a point in time approach to avoid overstating Medicare Advantage and/or Medicaid enrollment for this analysis.

Beneficiaries' records in category six reflected no other coverage to supplement their basic Medicare benefits.

The study also included an analysis of Medicare beneficiaries across the U.S. who did not have employment-based coverage, did not qualify for Medicaid, and resided in an area with at least one Medicare Advantage Plan. These beneficiaries, called "active choosers," essentially had a clear choice among Medicare Advantage, Medigap, or no supplemental coverage. Our analysis of active choosers for 2002 showed a basic consistency with an analysis previously performed using 1998-1999 MCBS data.⁵ We analyzed active chooser selections of Medicare supplemental coverage by geographic location, race/ethnicity, educational level, and income range.

In the MCBS dataset Medicare beneficiaries were classified as residing in either a rural (non-metropolitan) or metropolitan area in 2002 based on CMS administrative data. CMS used information from the Office of Management and Budget to define a metropolitan statistical area (MSA), which is used to define the "metro" category in this report.⁶

The six race/ethnicity descriptions of beneficiaries provided in the MCBS dataset were re-categorized into two categories: non-white and white. The non-white category is comprised of Asian, Black, Hispanic, North American Native and other race/ethnicities. The white category contained only the race/ethnicity designation of "white".

As a general rule, all records in the MCBS dataset containing data values such as "unknown," "refused," etc. were dropped from the respective analyses.

Additional Information

This report was compiled and written by Teresa Chovan, Director, and Jeff Lemieux, Senior Vice President of AHIP's Center for Policy and Research.

For further information contact the authors at 202.778.3200 or visit www.ahipresearch.org.



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America's Health Insurance Plans
601 Pennsylvania Ave., NW
Suite 500
Washington, DC 20004

202.778.3200
www.ahipResearch.org
Research@ahip.org

⁵ K. Thorpe, et al. *Medicare+Choice: Who Enrolls?* Emory University, April 25, 2002. Commissioned by the Blue Cross Blue Shield Association. Data sources for this study were 1998-1999 Medicare Current Beneficiary Survey files.

⁶ OMB Bulletin No. 05-02, Appendix, November 2004. Statistical and Science Policy Branch, Office of Information and Regulatory Affairs, Office of Management and Budget. MSAs ... "have at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties."