



## The Long Wait: The Impact of Delaying Medicare Coverage for People with Disabilities

*At a particularly difficult point in their lives, disabled individuals must wait two years before they are eligible to begin receiving Medicare benefits—a delay that can block access to needed care and relief from financial pressures. Although the cost to the federal government of eliminating the Medicare waiting period seems high, it would actually represent only a small percentage increase in Medicare spending.*

Individuals who are unable to continue working because of a long-term disability face multiple challenges. By definition, they have experienced a downturn in their health status, disrupting their life and forcing them to give up their livelihood. Their poor health status means additional medical bills at a time when they have lost their source of income and, in many cases, their health insurance coverage. The Social Security Disability Insurance (SSDI) program was created in 1956 to help disabled individuals overcome the financial burdens they face because of involuntary retirement. In 1972, Medicare coverage was extended to people under age 65 who are eligible for SSDI benefits. However, this coverage becomes available to individuals only after a 24-month wait from the time they begin receiving SSDI benefits.<sup>1</sup> As of December 2007, there were 7.6 million SSDI beneficiaries; of those, approximately 1.8 million were in the 24-month waiting period for Medicare coverage.<sup>2</sup> Therefore, nearly one-quarter of Americans who are arguably in greatest need of health care are left to fend for themselves while they wait for Medicare coverage to begin. The time has come to end this long wait.

Several recent studies focused on the human costs of the delay in Medicare coverage. The Medicare Rights Center described the experiences of 21 disabled individuals struggling to obtain and pay for needed care during the time between their entry into the SSDI program and their eligibility for Medicare.<sup>3</sup>



**By Stuart Guterman**  
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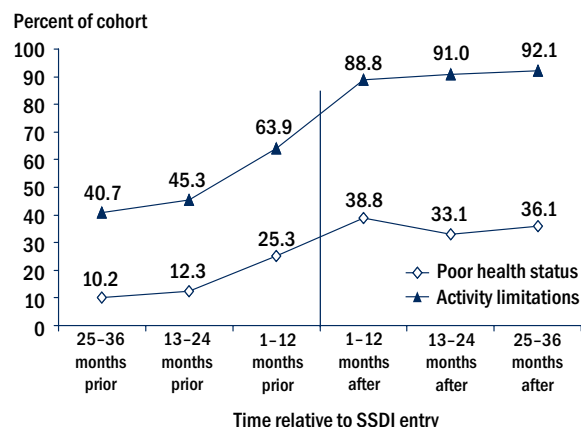
In a new analysis, Livermore et al. examine data on the health status, coverage, and access to care of people who eventually became eligible for SSDI benefits, focusing on the three years prior and the three years following eligibility.<sup>4</sup> Their analysis sheds new light on the experiences of persons with disabilities—again raising the question of why people who are categorically eligible for Medicare are denied that coverage when they are perhaps most in need of it.

### Disability, Poverty, and Health Status

The analysis by Livermore et al. shows that the likelihood of living in a family whose income is below the federal poverty level is twice as high among people receiving SSDI benefits as among those who have not yet become disabled (Figure 1). Not surprisingly, the onset of disability is related to a sharp decline in health status. While 12.3 percent of individuals in the second year prior to SSDI entry report being in poor health (more than four times the percentage in the overall working-age population), that percentage more than doubles among those in the year prior to SSDI entry and rises substantially for those in the first year after disability (Figure 2). Limitations in the ability to conduct routine daily activities are reported much more commonly among the cohort in the third year prior to SSDI entry than among the working-age population as a whole, but the likelihood of those limitations rises sharply with the onset of disability. The average number of doctor visits is about twice as high

among people who have entered SSDI within the past year as it is among those who are less than a year away from disability status, and the number of short-stay hospital days is almost three times as high (data not shown).

Figure 2. Health Status and Activity Limitations, by SSDI Cohort



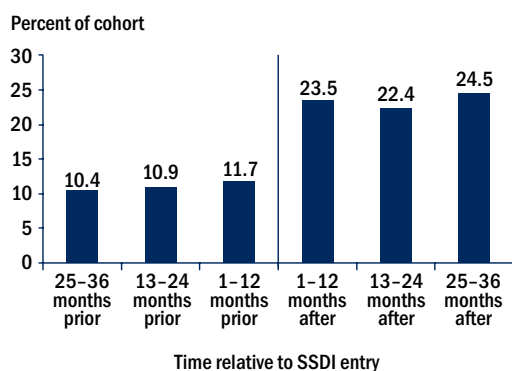
Source: G. Livermore, D. Stapleton, and H. Claypool, *Health Insurance and Health Care Access Before and After SSDI Entry* (New York: The Commonwealth Fund, May 2009).

### Health Coverage and Access to Care for the Disabled

Livermore et al. also found that people who will become eligible for SSDI benefits are significantly more likely to be uninsured than other workers—an average of 22 percent over the three years prior to SSDI entry, compared with 16 percent in the general population (Figure 3). The likelihood of having private coverage declines with eligibility for SSDI, with that decline largely offset by an increase in Medicaid coverage. The transition to disability status does not appear to be smooth. In the year before and after SSDI eligibility, there is a large increase in the proportion of individuals reporting they were unable to get needed care, and a similarly large increase in the proportion pointing to lack of insurance or cost as the reason. Access to health care seems to be a major problem for people who become disabled.

Some SSDI beneficiaries, like others who lose their jobs, have the option of maintaining their employer-sponsored health coverage under provisions in the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) that allow former employees to

Figure 1. Income Below Federal Poverty Level, by SSDI Cohort



Source: G. Livermore, D. Stapleton, and H. Claypool, *Health Insurance and Health Care Access Before and After SSDI Entry* (New York: The Commonwealth Fund, May 2009).

**Figure 3: Sources of Health Insurance**

	All persons age 18-64	25-36 mo. before SSDI	13-24 mo. before SSDI	1-12 mo. before SSDI	1-12 mo. after SSDI	13-24 mo. after SSDI	25-36 mo. after SSDI
Uninsured (%)	16	22	21	23	23	17	4
Private - own employer (%)	41	40	41	37	26	21	16
Private - family member employer (%)	41	39	37	33	30	35	31
Medicaid (%)	5	6	7	8	17	21	29
Medicare (%) (respondent)	2	1	3	2	4	11	61
Medicare-covered during year of NHIS interview (%) (CMS)	2	2	1	1	5	45	92

Source: G. Livermore, D. Stapleton, and H. Claypool, *Health Insurance and Health Care Access Before and After SSDI Entry* (New York: The Commonwealth Fund, May 2009).

keep their insurance by paying 102 percent of the combined employee and employer share of the cost of coverage. Disabled former employees are eligible for COBRA coverage for up to 29 months (the limit for the non-disabled population is 18 months), but employers are allowed to charge 150 percent of the combined premium during the additional 11 months. In 2006, this amount averaged \$350 per month. The high COBRA premium, even at the 102 percent rate, proves unaffordable for many. A recent Commonwealth Fund study found that only 9 percent of unemployed workers have COBRA coverage.<sup>5</sup>

**Impact of Eliminating the Delay in Medicare Coverage**

The analysis by Livermore et al. highlights the challenges that confront disabled individuals—challenges that are exacerbated by their lower levels of education, higher rates of poverty, and poorer health status even before they become disabled, as well as the changes in their circumstances that accompany their disability. At a particularly difficult point in their lives, disabled individuals must wait two years before they can receive the Medicare benefits that could help them obtain access to the care they need and relief from financial pressures.

Providing coverage to older adults during the period leading up to Medicare eligibility has been shown to bring health benefits, and could potentially help to control the costs of the program. McWilliams

et al. found that gaining access to Medicare coverage substantially increases use of recommended preventive services among previously uninsured older adults. Uninsured older adults receive fewer basic clinical services, are more likely to experience health declines, and die at younger ages than insured adults in the same age group. Once they become eligible for Medicare, older adults who had been uninsured incur higher program costs for a sustained period of time, compared with those who had prior coverage. Medicare coverage leads to dramatic improvement in health trends for people who did not have prior coverage.<sup>6</sup>

Of course, eliminating the Medicare waiting period would have a cost. The Congressional Budget Office (CBO) estimates that doing so in 2011 would result in a net cost to the federal government of \$6.8 billion in the first year and \$110 billion through 2019. This estimate reflects a \$32 billion reduction in the federal portion of Medicaid and \$3 billion in additional tax revenues, but it does not take into account the reduction in state Medicaid spending.<sup>7</sup> Even reducing the Medicare waiting period to 12 months would cost the federal government \$62 billion through 2019, according to the CBO.

**CONCLUSIONS**

According to congressional committee reports on the 1972 legislation, the original purposes of the waiting period were to keep program costs down, avoid overlapping with private insurance, and ensure that Medicare coverage would be available only to those whose disabilities are truly severe and long-lasting.<sup>8</sup> Dale and Verdier examined these reasons and concluded that “they seem less compelling today.”<sup>9</sup> Although the cost of eliminating the waiting period for disabled individuals seems high, it would be only a small percentage increase in Medicare spending, and could bring important benefits to the program as well as to beneficiaries. Moreover, states would see their Medicaid and other public assistance spending go down, as many of those waiting for Medicare must find other public sources of coverage.

With health reform and universal coverage prime topics of current policy discussions, ending the Medicare waiting period may become a moot issue. However, even universal coverage provisions may require that existing public programs maintain responsibility for the populations they now serve. One way or another, the policy that has been left in place for 37 years—and which today puts nearly 2 million people in limbo—should not be allowed to continue.

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## NOTES

- <sup>1</sup> In fact, SSDI recipients must wait five months after the onset of their disability to begin receiving those benefits; the wait for Medicare coverage is therefore 29 months from that point.
- <sup>2</sup> Total Disabled Social Security Disability Insurance (SSDI) Beneficiaries Ages 18–64, Dec. 2007, available at <http://www.statehealthfacts.kff.org/compare-table.jsp?ind=344&cat=6&sub=83&yr=62&typ=1&sort=a&o=a> (accessed April 7, 2009); and Congressional Budget Office, *Budget Options: Volume I* (Washington, D.C.: Congressional Budget Office, Dec. 2008):41–42.
- <sup>3</sup> R. M. Hayes, D. Beebe, and H. Kremer, *Too Sick to Work, Too Soon for Medicare: The Human Cost of the Two-Year Medicare Waiting Period for Americans with Disabilities* (New York: The Commonwealth Fund, April 2007).
- <sup>4</sup> G. Livermore, D. Stapleton, and H. Claypool, *Health Insurance and Health Care Access Before and After SSDI Entry* (New York: The Commonwealth Fund, May 2009).
- <sup>5</sup> M. M. Doty, S. D. Rustgi, C. Schoen, and S. R. Collins. *Maintaining Health Insurance During a Recession: Likely COBRA Eligibility* (New York: The Commonwealth Fund, Jan. 2009); the American Recovery and Reinvestment Act of 2009 provides subsidies for unemployed workers who are eligible for COBRA coverage.
- <sup>6</sup> J. M. McWilliams, A. M. Zaslavsky, E. Meara et al., “Impact of Medicare Coverage on Basic Clinical Services for Previously Uninsured Adults,” *Journal of the American Medical Association*, Aug. 13, 2003 290(6):757–64; J. M. McWilliams, E. Meara, A. M. Zaslavsky et al., “Use of Health Services by Previously Uninsured Medicare Beneficiaries,” *New England Journal of Medicine*, July 12, 2007 357(2):143–53; J. M. McWilliams, E. Meara, A. M. Zaslavsky et al., “Health of Previously Uninsured Adults After Acquiring Medicare Coverage,” *Journal of the American Medical Association*, Dec. 26, 2007 298(24):2886–94.
- <sup>7</sup> CBO, *Budget Options*, 2008.
- <sup>8</sup> S. B. Dale and J. M. Verdier, *Elimination of Medicare’s Waiting Period for Seriously Disabled: Impact on Coverage and Costs* (New York: The Commonwealth Fund, July 2003).
- <sup>9</sup> Ibid.

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