



Executive Summary

**COUNTING ON MEDICARE:
PERSPECTIVES AND CONCERNS OF AMERICANS
AGES 50 TO 70**

Cathy Schoen, Elisabeth Simantov, Lisa Duchon, and Karen Davis

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COUNTING ON MEDICARE: PERSPECTIVES AND CONCERNS OF AMERICANS AGES 50 TO 70

Cathy Schoen, Elisabeth Simantov, Lisa Duchon, and Karen Davis

Medicare has become an integral part of Americans' retirement years. Since 1965, the program has guaranteed most working men and women basic health insurance benefits once they reach age 65. As the nation enters a new century with 44 million uninsured, policy discussions have turned to whether Medicare could be a source of coverage for those nearing the age of Medicare eligibility—including the 5.6 million adults ages 50 to 64 who currently lack coverage.¹

Understanding how Medicare is viewed by recently eligible individuals and by those nearing the age of eligibility can help inform the debate over Medicare expansion. To learn about their perspectives, The Commonwealth Fund commissioned a survey of 2,000 adults ages 50 to 70. Conducted by Princeton Survey Research Associates in late 1999, the interviews assessed the level of trust in Medicare among men and women ages 50 to 64 and asked those 65 to 70 to compare Medicare with their prior health coverage.² Participants were also asked about coverage for prescription drugs, any gaps in insurance coverage they may have had, concerns about getting access to quality medical care, and problems with meeting health care expenses.

The survey, which represents 39 million adults ages 50 to 64 and 11 million ages 65 to 70, finds that overall, people have highly positive views of Medicare. Those not yet eligible for Medicare say that it is the source of health coverage they would most trust in the future, with two-thirds indicating they would be interested in participating in Medicare even before age 65. Compared with respondents who have not yet turned 65, current Medicare beneficiaries are more likely to be very confident in their ability to obtain quality medical care when needed and to be satisfied with the quality of care received. Most Medicare beneficiaries say it was very important to them to become eligible for Medicare, and most rate their health insurance positively.

Lack of prescription drug benefits, however, is a serious concern shared by Medicare beneficiaries as well as those on the cusp of eligibility. Only half of adults

¹ Authors' analysis of March 1999 Current Population Survey.

² Princeton Survey Research Associates conducted *The Commonwealth Fund 1999 Health Care Survey of Adults Ages 50 to 70* by telephone from August through November 1999. The interviews asked respondents about health and insurance experiences during the preceding 12 months. The appendix describes the survey.

surveyed in either age group said they currently have coverage for prescription medications. Reported health care experiences and costs of those without prescription benefits indicate that lack of such coverage erects barriers to care and imposes steep financial burdens. Whether currently on Medicare or nearing eligibility, adults ages 50 to 70 who are without drug coverage—even if otherwise insured—reported high levels of out-of-pocket spending for medications, difficulties following doctors’ recommendations for care because of costs, and threats to financial security.

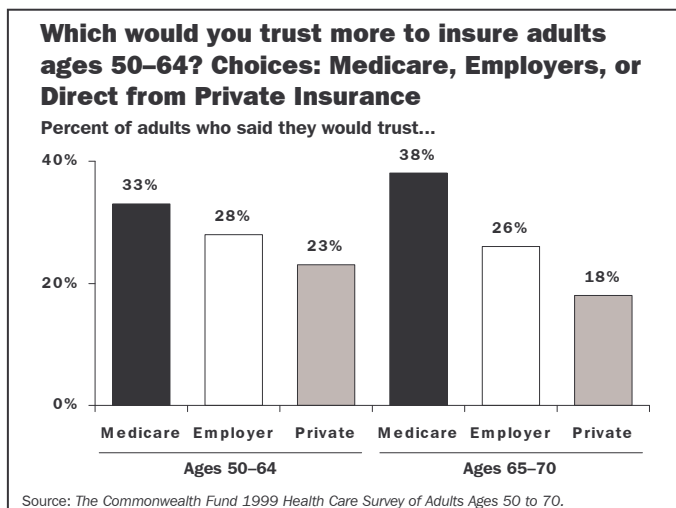
The Commonwealth Fund survey also finds disturbingly high uninsured rates and instability of coverage among adults ages 50 to 64. Men and women in this age group who lose their health coverage tend to remain uninsured for lengthy periods and go without needed medical care. Furthermore, a high proportion of those uninsured in the past year report problems paying their medical bills. Some have even been contacted by collection agencies, while financial constraints have forced others to make significant changes in their lives.

Worries over health insurance likely contribute to the widespread interest in early Medicare participation among those 50 to 64 years old. Like current beneficiaries, these men and women appear to be counting on Medicare to provide them with reliable, stable health insurance in their later years.

IN MEDICARE THEY TRUST: A VOTE OF CONFIDENCE FROM THOSE NEARING ELIGIBILITY

Adults age 50 and older who are not yet on Medicare trust it for their future health coverage and express great interest in entering the program early.

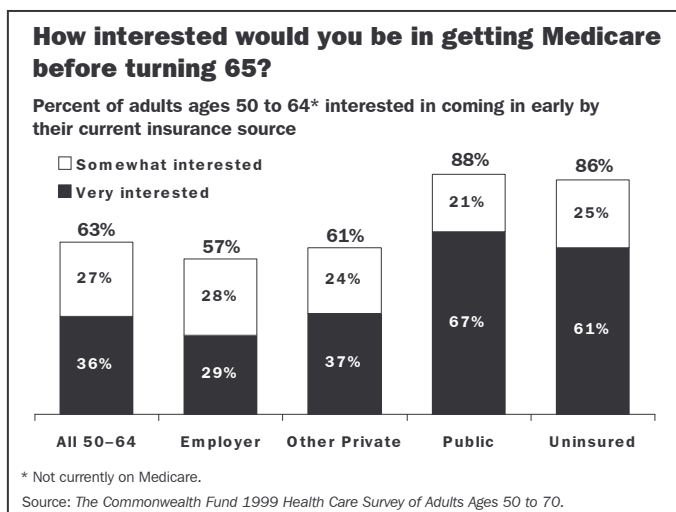
Although employer-sponsored health insurance remains the dominant source of health coverage for most 50-to-64-year-olds, the survey found notably high levels of confidence in Medicare as a source of coverage down the road. When asked what source they would trust most to provide health insurance for people in this age range, more survey respondents chose Medicare than employer-sponsored coverage or individual purchase of private health insurance. One-



third of adults ages 50 to 64 and more than a third of current Medicare beneficiaries picked Medicare as their top choice to provide coverage for the 50-to-64 age group.

Confidence in Medicare is highest among those who have had gaps in health coverage. Half of uninsured adults in the 50-to-64 age range said they trust Medicare the most as a source of health insurance. Yet Medicare also received strong approval from men and women who are currently insured through an employer or other source. While a third of those currently insured trust their current source of coverage, one-quarter (27%) of those with employer coverage and one-third (32%) who purchased private coverage directly said they trust Medicare the most to insure people ages 50 to 64.

Respondents under 65 also expressed a high level of interest in enrolling in Medicare early if such an option were available. Nearly two-thirds of men and women ages 50 to 64 would be interested: 36 percent would be “very interested” in early enrollment, while another 27 percent would be “somewhat interested.” Among respondents who were insured, strikingly high proportions of those with employer-based coverage (57%) or with individually purchased private insurance (61%) would be interested in joining the Medicare program before age 65.



Given their personal interest in getting Medicare coverage early, an overwhelming majority of adults—69 percent—would support a policy to allow the uninsured nearing age 65 to “buy into” Medicare coverage. More than a third (38%) would “strongly support” such a proposal, while nearly a third (31%) would “somewhat support” a buy-in option.

ELIGIBILITY MAKES A DIFFERENCE

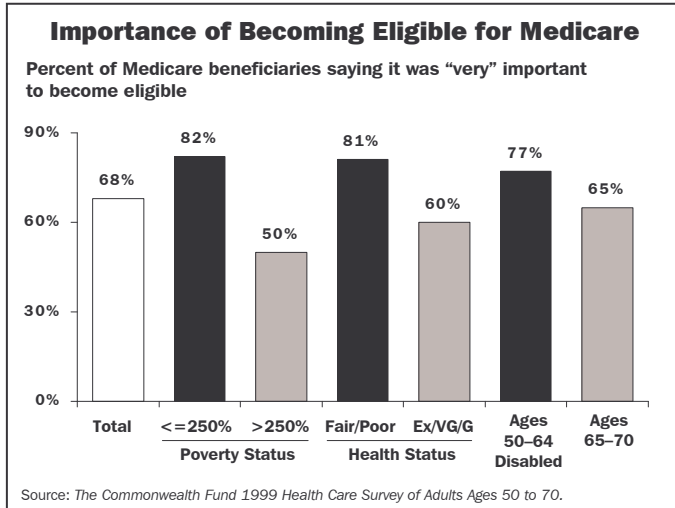
The vast majority of those with Medicare viewed becoming eligible as very important to them.

Nearly seven of 10 (68%) Medicare beneficiaries said that becoming eligible for Medicare was “very important” to them personally. Beneficiaries with low incomes and those with health problems especially valued their Medicare eligibility: eight of 10 beneficiaries who have incomes at or below 250 percent of the federal poverty level (approximately \$28,000

for a couple), have a disability, or rate their health as fair or poor said attaining eligibility was very important to them.

Beneficiaries also gave their Medicare coverage positive ratings. More than three-quarters (79%) rated their insurance overall, including supplemental coverage, as good to excellent, and two-thirds gave the Medicare program

itself a positive rating. Among those who were insured just before they became eligible for Medicare, three-quarters said that their current coverage, including supplemental plans, is at least as good (53%) if not better (21%) than the insurance they had just prior to Medicare. However, one of four (25%) reported that under Medicare they are paying more out-of-pocket than they were under their previous insurance plan.

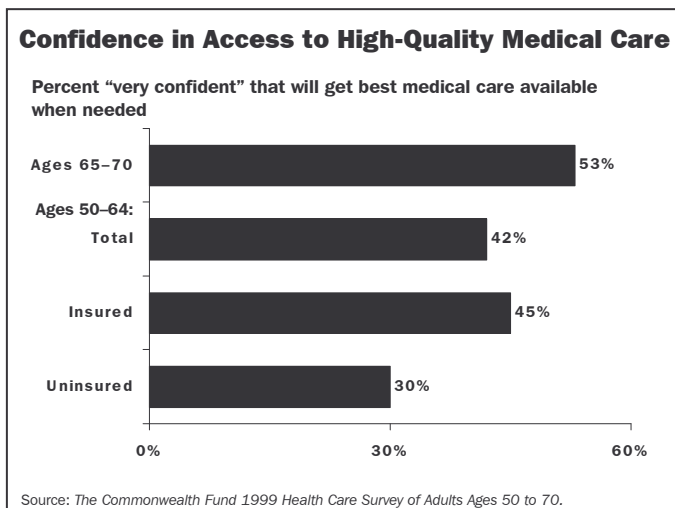


ACCESS TO CARE: SOME ARE CONFIDENT, OTHERS ARE WORRIED

Recent beneficiaries (ages 65–70) tend to be more confident in their ability to get medical care than those who are as yet too young for Medicare (ages 50–64).

The security of Medicare appears to enhance beneficiaries’ confidence in their access to quality medical care. Compared with adults ages 50 to 64, adults 65 to 70 were more likely to be “very confident” about their ability to obtain high-quality care when needed (53% vs. 42%). Those of Medicare age were also more likely to be “very satisfied” with the quality of care received in the past year (55% vs. 47%).

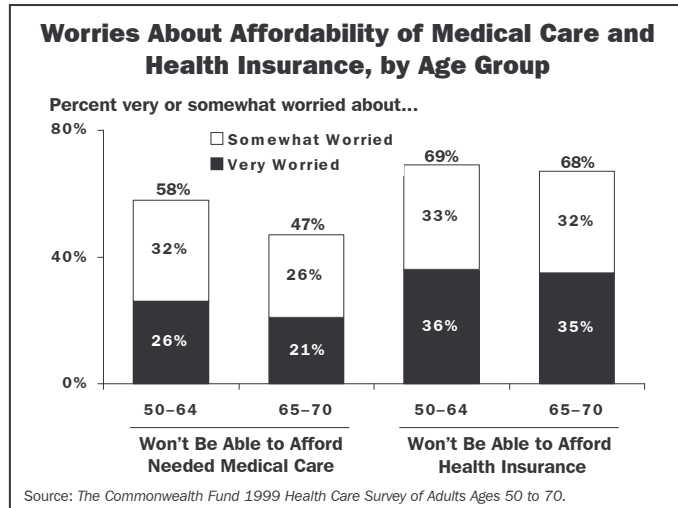
Having insurance largely determines the level of confidence in obtaining good care. Uninsured adults ages 50 to 64 were particularly concerned about access: only 30 percent were “very confident” that they could get proper care when needed. Medicare-age adults were more



likely to have strong confidence that they would be able to get appropriate care when needed—even compared with insured 50-to-64-year-olds.

Both age groups worry about future access and costs.

Despite their higher reported confidence in access to care and higher ratings of Medicare, 50-to-70-year-olds are still concerned about their health care future—especially their ability to afford needed care or insurance. Half or more of adults in both the 50-to-64 and 65-and-over age groups are “very” or “somewhat” worried that they will not be able to afford necessary medical care when sick.



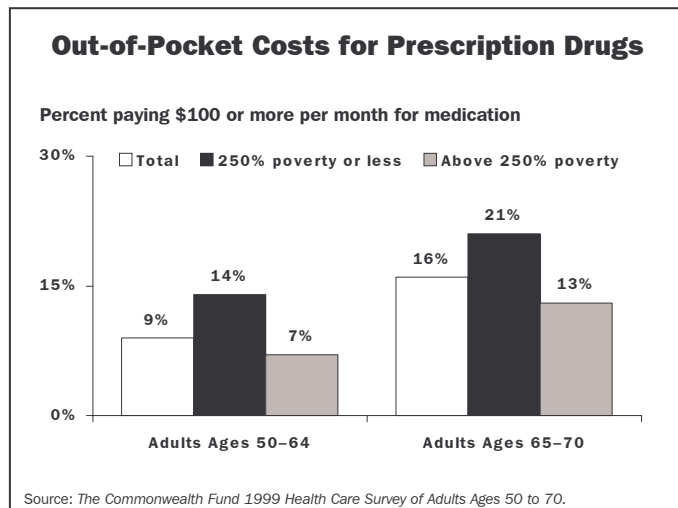
More than two-thirds of adults in both age groups worry that they will not be able to afford health insurance.

Worries are most acute among uninsured adults ages 50 to 64. Among these individuals, eight of 10 worry they will not be able to afford medical care (78%) or health insurance (81%).

PRESCRIPTION DRUG COVERAGE: A SHARED CONCERN

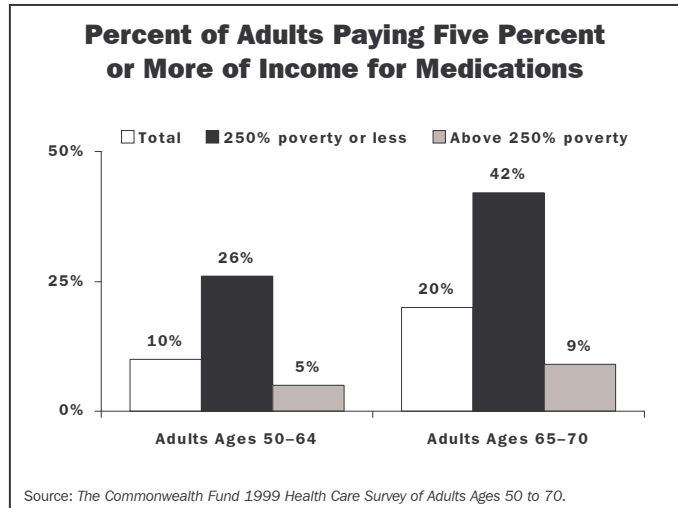
Gaps in insurance coverage for prescription drugs expose Medicare beneficiaries and adults ages 50 to 64 to high costs and financial risk.

Although eight of 10 adults surveyed said they have a health condition requiring regular use of prescription drugs, only half (54%) reported having a drug benefit. Fifty-five percent of adults ages 50 to 64, and 49 percent of those ages 65 to 70, said that their health insurance covers prescription medications.



The survey also finds that regular monthly expenses for

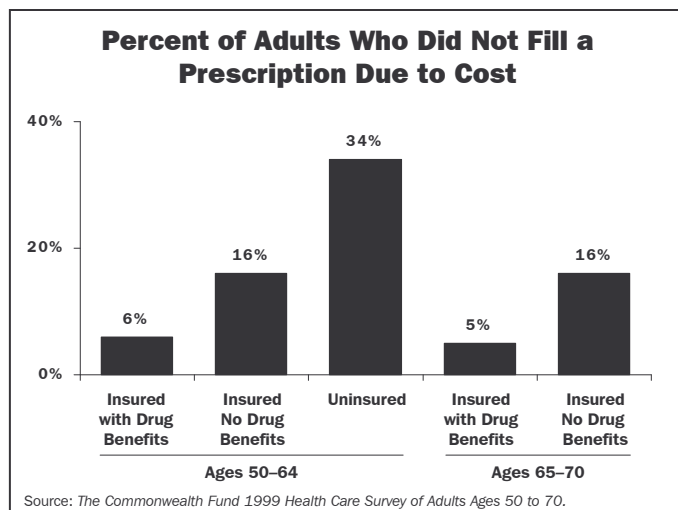
prescription drugs include strikingly high out-of-pocket costs. One of 10 (9%) adults ages 50 to 64 and one of six (16%) ages 65 to 70 reported that they typically spend more than \$100 a month out-of-pocket for prescription medications. These monthly costs add up: on an annual basis, they amount to an estimated 5 percent of income for one of five (20%) adults ages 65 to 70 and one of 10 adults ages 50 to 64.



In both age groups, low-income adults (those living at or below 250 percent of the poverty level) are at the highest risk for high out-of-pocket costs. The greater exposure to costs reflects in part their higher risk for health problems: for both age groups, the lower one's income, the greater the incidence of illness. Low-income adults ages 50 to 70 were significantly more likely than higher-income adults in this age range to have been diagnosed with arthritis (47% vs. 29%), hypertension (45% vs. 33%), or heart attacks or heart disease (18% vs. 9%).

Even at higher income levels, Medicare beneficiaries can have large expenses relative to their incomes. Based on reports of monthly expenses, nearly one of 10 beneficiaries ages 65 to 70 who are at or above 250 percent of poverty are spending 5 percent or more of their annual incomes on prescription medications not covered by insurance.

Lack of prescription drug coverage—even if one is otherwise insured—can restrict access to needed medical care. Adults who lack prescription coverage go without necessary care at alarmingly high rates. Otherwise-insured adults ages 50 to 70 who do not have prescription benefits are three times as likely as those with drug

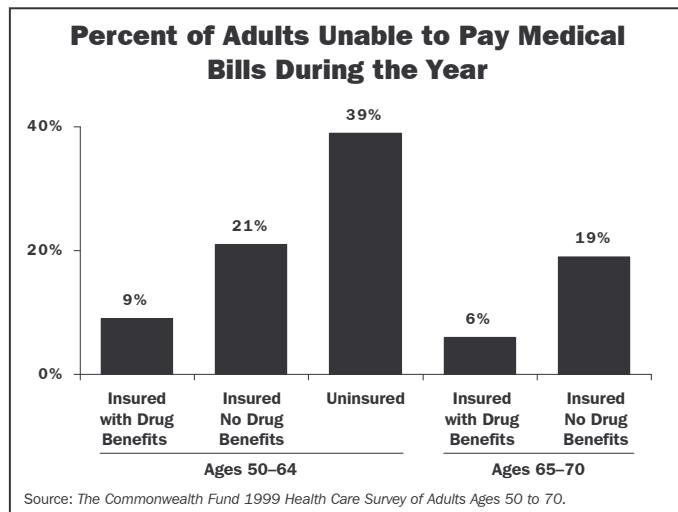


coverage to have let a prescription go unfilled because of the cost. One of six (16%) adults in each age group did not get a needed prescription medication, even though they had health insurance.

Exposure to burdensome costs also affects access to other types of health care. Survey respondents who have insurance but no prescription coverage were three times as likely as the insured who have drug benefits to say they had skipped recommended medical treatment or tests due to costs (13% vs. 6% for ages 50 to 64; 12% vs. 5% for ages 65 to 70).

Lack of prescription drug benefits often leaves 50-to-70-year-olds struggling to pay their medical bills and maintain financial security.

Whether on Medicare or approaching the age of Medicare eligibility, insured adults ages 50 to 70 without prescription benefits are at least twice as likely to have difficulties paying medical bills. One of five Medicare beneficiaries without drug coverage, and a similar proportion of insured adults ages 50 to 64 without drug coverage, said they could not pay all their medical bills during the past year.



Bill-paying problems are often so severe that collection agencies become involved or individuals are compelled to lower their basic living standards. One of 10 Medicare beneficiaries without drug benefits ends up facing a bill collector, and a similar proportion has so much difficulty meeting medical expenses that they reported having to change their way of life. Similar proportions of insured adults ages 50 to 64 without drug coverage encounter such financial problems. While those who lack drug benefits but have other health insurance are less concerned about health care access and medical expenses than 50-to-64-year-olds without any insurance, lack of prescription coverage appears to undermine the advantages of other insurance benefits (Table 1).

Table 1. Medical Bill Problems and Insurance Prescription Drug Coverage

	Ages 50 to 64			Ages 65 to 70	
	Insured		Uninsured	Insured	
	With Drug Benefit	Without Drug Benefit		With Drug Benefit	Without Drug Benefit
During past year:					
Had a problem paying medical bills	9%	21%	39%	6%	19%
Had to change way of life significantly to pay medical bills	5	9	24	4	12
Contacted by collection agency for medical bills	10	13	28	7	10

Source: *The Commonwealth Fund 1999 Health Care Survey of Adults Ages 50 to 70.*

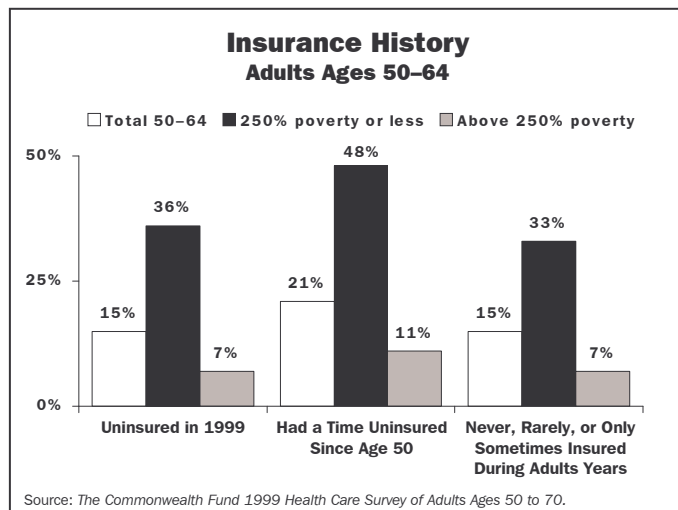
These findings suggest that lack of prescription drug benefits is a key contributor to being “underinsured.” Not surprisingly, adults ages 50 to 70 endorse the idea of adding prescription drug coverage to the basic Medicare package: eight of 10 either strongly favor (62%) or somewhat favor (20%) such a proposal.

UNSTABLE INSURANCE COVERAGE PUTS HEALTH AT RISK

Most adults ages 50 to 64 are more than midway through or nearing the end of their working career. At the same time, these men and women are at a heightened risk for chronic, acute, or disabling health conditions. Given their health and work status, health insurance security becomes increasingly important to midlife Americans over the years and likely contributes to the interest that many have in early Medicare enrollment.

Lack of insurance and instability of coverage undermine health and economic security.

In asking adults ages 50 to 64 about their health insurance history, the survey finds that many have had spells without coverage. One of five 50-to-64-year-olds reported a time without coverage since turning 50, including 15 percent who were uninsured during 1999. Among married adults ages 50 to 64, 21 percent said that they or their spouse, or both of them, were uninsured at one time during the year.



For this age group, loss of coverage often triggers a prolonged period without insurance. The majority (53%) of adults ages 50 to 64 who were uninsured in the past year said they had been without health insurance for three years or more. Nearly seven of 10 who were uninsured for a time during 1999 had been without coverage for a year or more.

Together with Medicaid, Medicare’s coverage of adults under age 65 with long-term disabilities provides a safety net for some of those with the most severe health problems. Were it not for this safety net, an additional 7 percent of adults ages 50 to 64 would likely be uninsured.

A large proportion of uninsured adults ages 50 to 64 forgo needed health care or have serious difficulty paying for services received.

For adults ages 50 to 64, not having health coverage means they are at high risk for not getting needed medical care or for being exposed to steep financial burdens when they do seek care. Nearly half of these uninsured said they had not visited a doctor when sick. More than half had either not seen a doctor, gone without medications, or skipped recommended tests or medical treatment because of the cost.

Two of five (39%) uninsured adults in this age group had problems paying medical bills, and one of four (28%) were eventually contacted by a collection agency. One-quarter, meanwhile, reported that paying for medical expenses forced significant changes in their way of life (Table 2).

Table 2. Access to Care and Experiences Paying Medical Bills, by Insurance Status, Ages 50–64

	Total Ages 50–64	Insured	Uninsured
Access problems in past year			
No doctor visit	13%	11%	22%
Had problem seeing specialist when needed	12	10	24
Access problems due to cost:			
did not fill a prescription	13	10	36
skipped medical test/treatment	13	9	36
had a medical problem but did not see a doctor	15	9	45
Medical bill problems in past year			
Had problem paying medical bills	17	14	39
Had to change way of life significantly to pay medical bills	9	6	24
Contacted by collection agency for medical bills	14	11	28
At least one medical bill problem	23	19	46
Medical bill or access problem due to cost	28	22	59

Source: *The Commonwealth Fund 1999 Health Care Survey of Adults Ages 50 to 70.*

Workers ages 50 to 64 have low expectations that their employers will provide them with early-retiree health benefits or supplement their Medicare coverage.

Only one-third (36%) of working 50-to-64-year-olds think that their current employer offers health benefits for those who retire before age 65. Only 22 percent think that their employer will supplement their Medicare benefits (e.g., by providing prescription drug coverage) once they reach age 65. If these expectations prove true, most of the next generation of Medicare beneficiaries will be on their own to supplement their Medicare benefits.³

SUMMARY AND IMPLICATIONS

Thirty-five years ago, Medicare brought health insurance security to working men and women who had reached age 65. Today, men and women age 50 and older place high value on the promise of Medicare. As the survey findings reveal, midlife adults trust Medicare to be their future source of coverage and many express interest in early enrollment. The importance that Medicare's current beneficiaries place on becoming eligible, their present confidence in gaining access to quality care, and their positive ratings of the program further indicate the high regard in which Medicare is held.

Nevertheless, the survey demonstrates that the absence of a basic prescription drug benefit exposes Medicare beneficiaries to barriers to care as well as substantial medical expenses. Those nearing age 65 are similarly at high risk if they lack drug coverage. Reported reliance on prescription medications attests to their central importance in modern treatment of acute and chronic health conditions for those age 50 and older. Given this reality, the strong support found for a Medicare drug benefit is hardly surprising.

Medicare's basic benefits are likely to be of even greater importance for future generations. The survey's finding that only a third or less of current workers ages 50 to 64 expect to have retiree health benefits means that a high proportion of future beneficiaries will be hard-pressed to supplement the basic Medicare package.

The experiences of uninsured midlife adults point to the pressing need for affordable health coverage options to help those without access to employer-sponsored group insurance. Interviews with these men and women show that Medicare is well regarded and would provide a solid foundation upon which to build. At an age when most are looking toward retirement rather than a new career—and when health problems may preclude full-time work—the survey finds strong interest in buying into Medicare

³ A high proportion of workers interviewed—between one-fourth and one-third—did not know if they had retiree health benefits.

before age 65. Given their health problems and limited incomes, uninsured adults age 50 and older are unlikely to view private insurance as a viable option without substantial subsidies. Even if subsidies are available, coverage may be denied to those with serious health conditions.

APPENDIX: SURVEY METHODOLOGY

The Commonwealth Fund 1999 Health Care Survey of Adults Ages 50 to 70 was conducted by Princeton Research Survey Associates from August through November 1999. The survey consisted of 20-minute telephone interviews with a random, national sample of 2,000 adults, ages 50 to 70, living in telephone households in the continental United States. The interviews included 1,523 adults ages 50 to 64 and 477 adults ages 65 to 70.

In the analysis, respondents were classified as insured by Medicare, insured by other sources, or uninsured if they had a time without health coverage in the past year. The study calculated costs of care relative to income using respondents' reports of annual income, monthly out-of-pocket expenses for prescription medications, annual out-of-pocket costs for medical bills, and premiums paid for health insurance.

The final sample was weighted to demographic characteristics of all adults ages 50 to 70 by age, sex, race/ethnicity, education, geographic region, household characteristics, and telephone service interruption based on the March 1999 Current Population Survey. The resulting final sample is representative of the 50 million adults ages 50 to 70 in the continental United States, including 39 million ages 50 to 64 and 11 million ages 65 to 70.

The survey has an overall margin of sampling error of ± 2 percentage points at the 95 percent confidence level. For the sample of adults of Medicare age (65–70) and those ages 50 to 64, the margin of error is ± 5 and ± 3 percentage points, respectively. In comparisons between the two age groups, differences of 5 percent or more are statistically significant. The survey response rate was 57 percent.

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#406 *Counting on Medicare: Findings from The Commonwealth Fund 1999 Health Care Survey of Adults Ages 50 to 70* (July 2000). Cathy Schoen, Elisabeth Simantov, Lisa Duchon, and Karen Davis. This survey report finds that older adults ages 50 to 70 trust Medicare, feel more secure once they are enrolled, and are interested in participating before age 65.

#391 *On Their Own: Young Adults Living Without Health Insurance* (May 2000). Kevin Quinn, Cathy Schoen, and Louisa Buatti. Based on *The Commonwealth Fund 1999 National Survey of Workers' Health Insurance* and Task Force analysis of the March 1999 Current Population Survey, this report shows that young adults ages 19–29 are twice as likely to be uninsured as children or older adults.

#370 *Working Without Benefits: The Health Insurance Crisis Confronting Hispanic Americans* (March 2000). Kevin Quinn, Abt Associates, Inc. Using data from the March 1999 *Current Population Survey* and *The Commonwealth Fund 1999 National Survey of Workers' Health Insurance*, this report examines reasons why nine of the country's 11 million uninsured Hispanics are in working families, and the effect that lack has on the Hispanic community.

#364 *Risks for Midlife Americans: Getting Sick, Becoming Disabled, or Losing a Job and Health Coverage* (January 2000). John Budetti, Cathy Schoen, Elisabeth Simantov, and Janet Shikles. This short report derived from *The Commonwealth Fund 1999 National Survey of Workers' Health Insurance* highlights the vulnerability of millions of midlife Americans to losing their job-based coverage in the face of heightened risk for chronic disease, disability, or loss of employment.

#363 *A Vote of Confidence: Attitudes Toward Employer-Sponsored Health Insurance* (January 2000). Cathy Schoen, Erin Strumpf, and Karen Davis. This issue brief based on findings from *The Commonwealth Fund 1999 National Survey of Workers' Health Insurance* reports that most Americans believe employers are the best source of health coverage and that they should continue to serve as the primary source in the future. Almost all of those surveyed also favored the government providing assistance to low-income workers and their families to help them pay for insurance.

#362 *Listening to Workers: Findings from The Commonwealth Fund 1999 National Survey of Workers' Health Insurance* (January 2000). Lisa Duchon, Cathy Schoen, Elisabeth Simantov, Karen Davis, and Christina An. This full-length analysis of the Fund's survey of more than 5,000 working-age Americans finds that half of all respondents would like employers to continue serving as the main source of coverage for the working population. However, sharp disparities exist in the availability of employer-based coverage: one-third of middle- and low-income adults who work full time are uninsured.

#361 *Listening to Workers: Challenges for Employer-Sponsored Coverage in the 21st Century* (January 2000). Lisa Duchon, Cathy Schoen, Elisabeth Simantov, Karen Davis, and Christina An. Based on *The Commonwealth Fund 1999 National Survey of Workers' Health Insurance*, this short report shows that although most working Americans with employer-sponsored health insurance are satisfied

with their plans, too many middle- and low-income workers cannot afford health coverage or are not offered it.

#347 *Can't Afford to Get Sick: A Reality for Millions of Working Americans* (September 1999). John Budetti, Lisa Duchon, Cathy Schoen, and Janet Shikles. This report from *The Commonwealth Fund 1999 National Survey of Workers' Health Insurance* finds that millions of working Americans are struggling to get the health care they need because they lack insurance or experience gaps in coverage.

#207 *Uninsured Older Adults: Implications for Changing Medicare Eligibility* (April 1998). Pamela Loprest and Cori Uccello, The Urban Institute. The authors examine the growing number of uninsured Americans between ages 58 and 63 who are not yet eligible for Medicare and may not have access to group or private health insurance. They also assess proposals that could increase this age group's accessibility to health care.