

Low-Income and Minority Beneficiaries in Medicare Advantage Plans, 2002

May 2005

Summary. New data from the Medicare Current Beneficiary Survey show that Medicare's private comprehensive health plans (now called Medicare Advantage plans) were a vital source of coverage for low-income beneficiaries in 2002. Here are some highlights from the survey results:

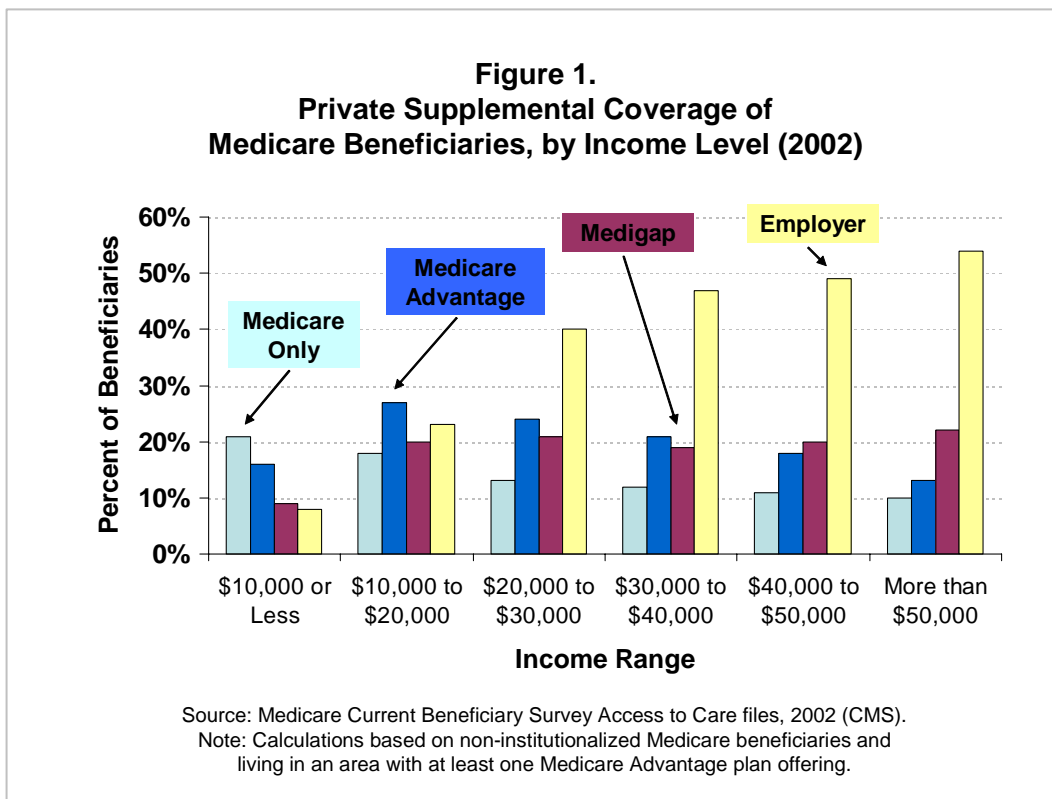
- Of Medicare beneficiaries with annual incomes between \$10,000 and \$20,000, 27 percent chose Medicare Advantage for comprehensive benefits; 23 percent had employer-based coverage; and 20 percent had Medigap supplemental coverage. Almost 18 percent of Medicare beneficiaries in this income category had no supplemental or outside coverage.
- Fifty percent of Medicare Advantage enrollees in 2002 had incomes less than \$20,000.
- Of minority (non-white) beneficiaries in Medicare Advantage, 71 percent had incomes below \$20,000.
- Of Medicare beneficiaries not enrolled in Medicaid or employer-based coverage with incomes between \$10,000 and \$20,000, 39 percent chose a Medicare Advantage plan. (In this report, we use the label "active choosers" to refer to beneficiaries without Medicaid or employer-based coverage, who live in areas with at least one Medicare Advantage plan available.) Of non-white, low-income active choosers, 43 percent chose a Medicare Advantage plan.
- In some parts of the country, over half of low-income Medicare beneficiaries not enrolled in Medicaid or employer-based coverage chose a Medicare Advantage plan.
- Lower costs (31 percent) and better benefits and coverage (22 percent) than Medicare alone were the main reasons beneficiaries chose Medicare Advantage plans in 2002.

In general, the statistics in this report are calculated from records on non-institutionalized Medicare beneficiaries (aged and disabled) living in areas where at least one Medicare Advantage plan was offered.

Medicare Advantage Coverage by Income. Nationwide, 13 percent of all non-institutionalized Medicare beneficiaries chose a Medicare Advantage plan in 2002. However, for beneficiaries with annual incomes between \$10,000 and \$20,000, Medicare Advantage was the largest source of comprehensive coverage in areas with at least one Medicare Advantage plan offering (see Figure 1).¹

Fifty percent of Medicare Advantage enrollees had annual incomes less than \$20,000 -- 35 percent had incomes between \$10,000 and \$20,000, and 15 percent had incomes below \$10,000.

Of Medicare beneficiaries with incomes between \$10,000 and \$20,000, 27 percent chose Medicare Advantage for comprehensive benefits, 23 percent had employer-based coverage, and 20 percent had Medigap supplemental coverage.² Eighteen percent of Medicare beneficiaries in this income category had no supplemental or outside coverage (see Table 1).³



¹ The Medicare Current Beneficiary Survey is conducted by the Centers for Medicare & Medicaid Services (CMS). The survey may understate beneficiaries' total income. 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.

² Persons with both employer-based and Medigap coverage were categorized as having employer-based coverage. For more information about how people with various coverage types were categorized, see Appendix B.

³ An additional 9 percent of beneficiaries in this income range had Medicaid coverage, and another 3 percent had coverage classified as "other public," which includes military or veterans' coverage. The percentages in this report may not appear to sum to 100 percent because Medicaid and this "other public" category are not always mentioned, and because of rounding.

Table 1.
Income Range of Medicare Beneficiaries, Living In An Area With At Least One Medicare Advantage Plan Offering, By Coverage Type (2002)

	All Income Ranges	\$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
Medicare Advantage	21%	16%	27%	24%	21%	18%	13%
Medicaid	11%	43%	9%	**	**	**	**
Employer-based	33%	8%	23%	40%	47%	49%	54%
Medigap	18%	9%	20%	21%	19%	20%	22%
Other Public	2%	3%	3%	2%	**	1%	**
Medicare Only	15%	21%	18%	13%	12%	11%	10%
Total	100%	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 living in an area with at least one Medicare Advantage plan offering.

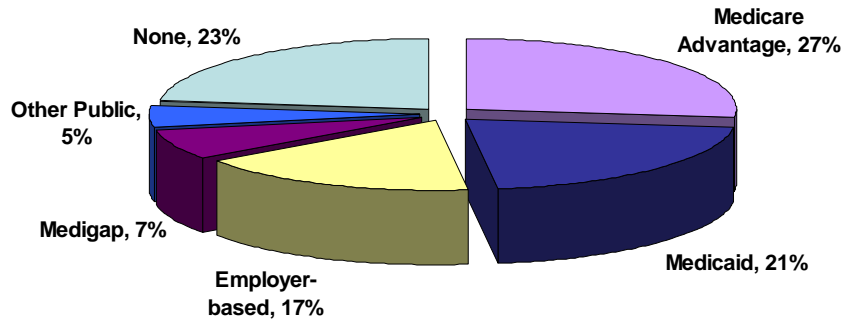
** Less than 1 percent

By contrast, Medicare beneficiaries with higher incomes were more likely to have employer-based supplemental coverage. For example, 40 percent of beneficiaries with incomes between \$20,000 and \$30,000 had employer-based coverage -- the percentage rises to 54 percent for those with incomes above \$50,000.

Minority Beneficiaries. Twenty-seven percent of minority (non-white) Medicare beneficiaries with incomes between \$10,000 and \$20,000 were enrolled in Medicare Advantage plans (in areas where at least one Medicare Advantage plan was offered). Twenty-one percent were enrolled in Medicaid, and smaller percentages had employer-based supplemental coverage (17 percent), and Medigap coverage (7 percent).⁴ Twenty-three percent of non-white Medicare beneficiaries in this income range had no supplemental coverage (see Figure 2).

⁴ For these statistics, minority or non-white beneficiaries in the survey were defined using Medicare Current Beneficiary Survey data based on administrative records for the Medicare program. The non-white category is comprised of: Asian, Black, Hispanic, North American Native and Other Race/Ethnicity.

Figure 2.
Non-White Medicare Enrollees With Incomes
of \$10,000 to \$20,000 By Coverage Type (2002)



Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).
 Note: Calculations based on non-institutionalized Medicare beneficiaries and in an area with at least one Medicare Advantage plan offering.

Of non-white beneficiaries in Medicare Advantage, 71 percent had incomes below \$20,000. Forty percent of non-white Medicare Advantage enrollees had incomes in the \$10,000 to \$20,000 range; 31 percent had incomes under \$10,000 (see Figure 3).

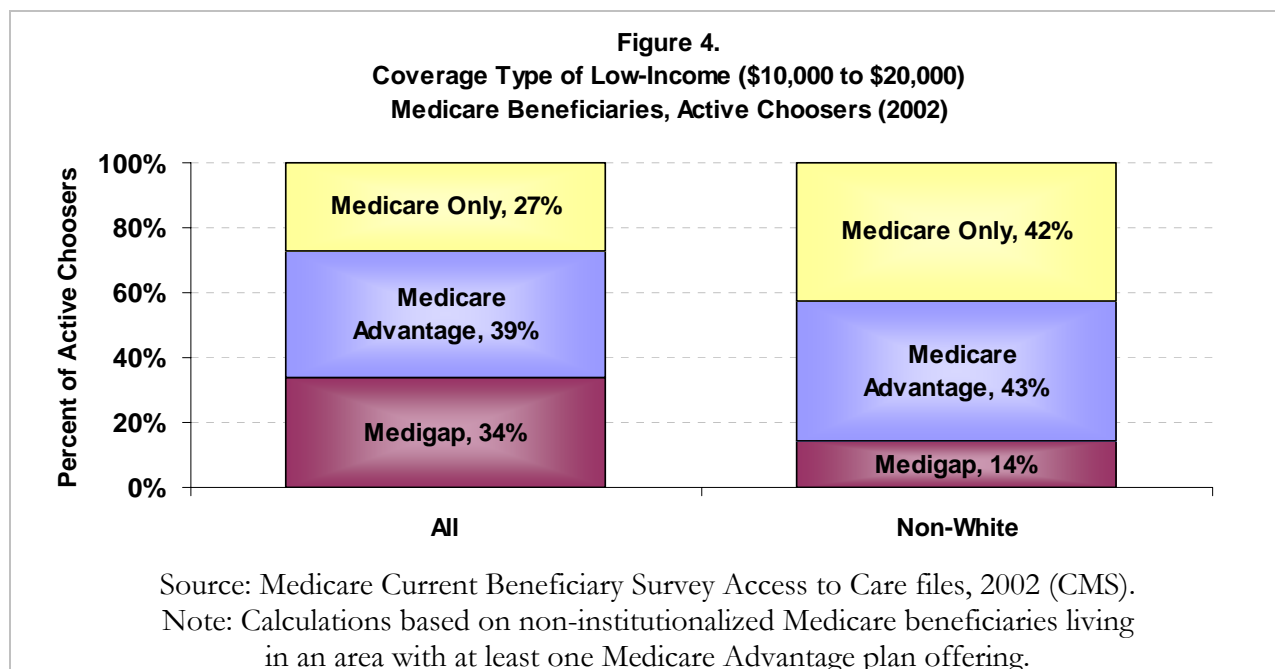
Figure 3.
Medicare Advantage Enrollees With Annual Incomes
Less Than \$20,000, by Race/Ethnicity



Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).
 Note: Calculations based on non-institutionalized Medicare beneficiaries and in an area with at least one Medicare Advantage plan offering.

“Active Chooser” Medicare Beneficiaries. Medicare beneficiaries living in an area with at least one Medicare Advantage plan offering, who did not have employer-based coverage or Medicaid, can be described as "active choosers." These beneficiaries can choose either Medicare Advantage or a Medigap supplemental policy for their coverage, or they may choose Medicare alone.

Of all low-income active choosers (with incomes between \$10,000 and \$20,000), 39 percent were enrolled in a Medicare Advantage plan, 34 percent purchased a Medigap policy, and 27 percent were covered by Medicare alone (see Figure 4).

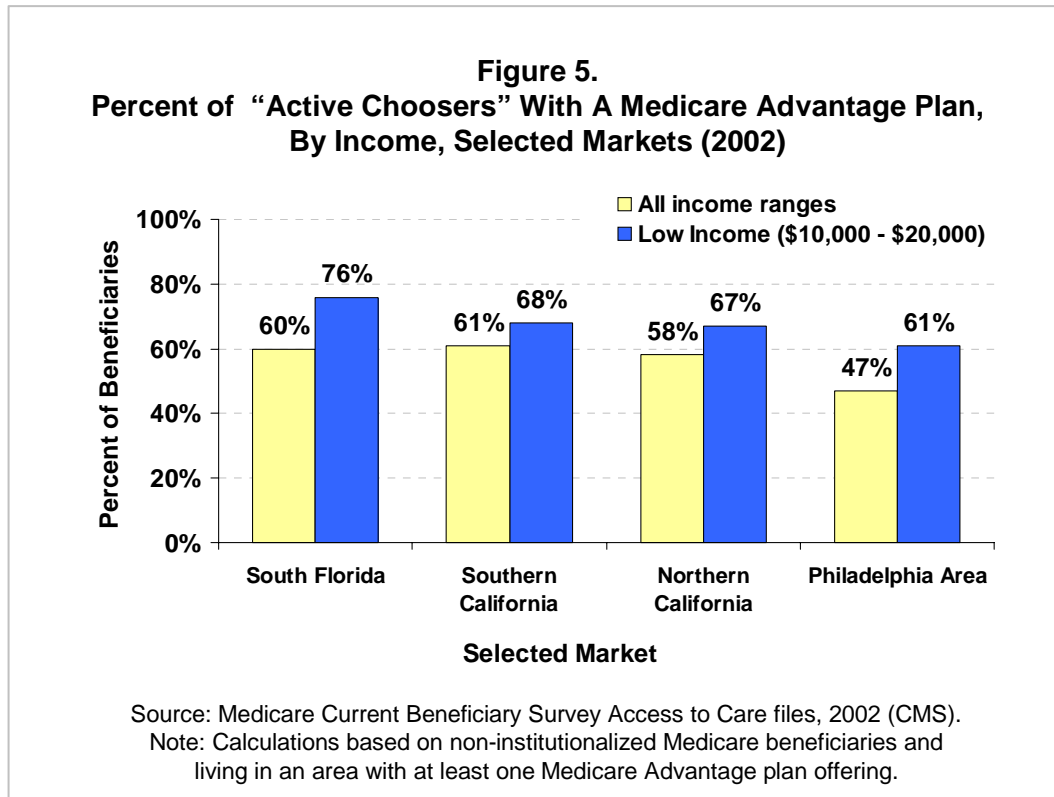


Among non-white, low-income active choosers, 43 percent were enrolled in Medicare Advantage; 14 percent purchased a Medigap policy; and 42 percent were covered by Medicare alone.

Overall, 35 percent of all active choosers in the U.S. had a Medicare Advantage plan. However, in particular regions of the country, over half of low-income active choosers selected Medicare Advantage (see Figure 5). For example:

- In South Florida, 76 percent of Medicare beneficiaries with incomes in the \$10,000-\$20,000 range chose Medicare Advantage.
- In Southern California, 68 percent of Medicare beneficiaries with incomes in the \$10,000-\$20,000 range chose Medicare Advantage.
- In Northern California, 67 percent of Medicare beneficiaries with incomes in the \$10,000-\$20,000 range chose Medicare Advantage.

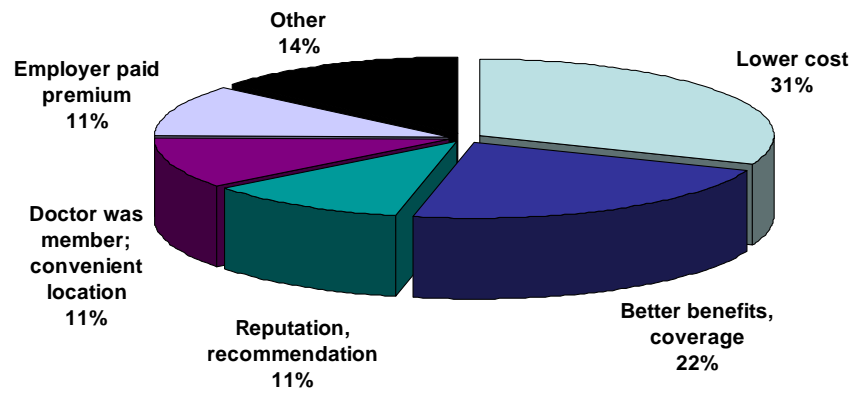
- In the Philadelphia area, 61 percent of Medicare beneficiaries with incomes in the \$10,000-\$20,000 range chose Medicare Advantage.



Reasons for Choosing Medicare Advantage Coverage. Most Medicare beneficiaries choosing Medicare Advantage coverage cited lower costs (31 percent) and better benefits and coverage (22 percent) than Medicare alone. Other reasons included: good recommendation and/or good reputation for their Medicare Advantage plan; the beneficiary’s doctor was a member of the plan; the plan was in a convenient location; and the employer paid the Medicare Advantage premium (see Figure 6). The reasons why beneficiaries selected Medicare Advantage coverage were virtually unchanged from an earlier analysis performed by CMS based on the 2000 Medicare Current Beneficiary Survey.⁵

⁵ Source: CMS, Office of Research, Development, and Information. Data from the Medicare Current Beneficiary Survey 2000 Access to Care files.

**Figure 6.
Beneficiaries' Reasons For Choosing
Medicare Advantage (2002)**



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

**Table 1A.
Race/Ethnicity of All Medicare Beneficiaries, By Income (2002)**

Income Range	Race / Ethnicity	
	<u>Non-White</u>	<u>White</u>
\$10,000 or Less	44%	16%
\$10,000 to \$20,000	31%	28%
\$20,000 to \$30,000	11%	23%
\$30,000 to \$40,000	6%	13%
\$40,000 to \$50,000	3%	8%
More than \$50,000	4%	12%
Total	100%	100%

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

Note: Calculations based on non-institutionalized Medicare beneficiaries.

Table 1A shows the percentage of all minority (non-white) and white Medicare beneficiaries, by income range.

For example, of all non-white Medicare beneficiaries, 44 percent had incomes of \$10,000 or less in 2002; of all white Medicare beneficiaries, 28 percent 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 2A.
Medicare Beneficiaries Living In Areas With At Least One Medicare Advantage Offering,
By Income and Race/Ethnicity (2002)

Income Range	Race / Ethnicity		
	<u>Non-White</u>	<u>White</u>	<u>Totals</u>
\$10,000 or Less	7%	12%	20%
\$10,000 to \$20,000	6%	21%	27%
\$20,000 to \$30,000	2%	19%	21%
\$30,000 to \$40,000	1%	11%	13%
\$40,000 to \$50,000	**	7%	8%
More than \$50,000	**	11%	12%
Total	18%	82%	100%

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

Note: Calculations based on non-institutionalized Medicare beneficiaries living in an area with at least one Medicare Advantage plan offering.

Table 2A shows the percentage of Medicare beneficiaries living in an area with at least one Medicare Advantage plan offering in 2002, by income and race/ethnicity.

For example, 7 percent of Medicare beneficiaries in 2002 were non-white and had incomes less than \$10,000.

** Less than 1 percent

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

Table 3A.
Income Levels of All 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>
Medicare Advantage	10%	17%	16%	14%	13%	9%
Medicaid	46%	10%	1%	**	**	**
Employer-based	8%	24%	41%	49%	52%	55%
Medigap	13%	27%	26%	23%	23%	25%
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 level for Medicare beneficiaries by type of supplemental coverage.

For example, of all Medicare beneficiaries with incomes between \$10,000 and \$20,000 in 2002, 17 percent had a Medicare Advantage plan.

** Less than 1 percent

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

Table 4A.
Income Levels of Medicare Beneficiaries, Living In An Area With At Least One Medicare Advantage Offering, 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
Medicare Advantage	16%	27%	24%	21%	18%	13%
Medicaid	43%	9%	**	**	**	**
Employer-based	8%	23%	40%	47%	49%	54%
Medigap	9%	20%	21%	19%	20%	22%
Other Public	3%	3%	2%	**	1%	**
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 living in an area with at least one Medicare Advantage plan offering.

Table 4A shows the income level for Medicare beneficiaries who lived in an area with at least one Medicare Advantage plan offering in 2002, by type of supplemental coverage.

For example, of all Medicare beneficiaries with incomes between \$10,000 and \$20,000 who lived in an area with at least one Medicare Advantage plan offering in 2002, 27 percent had a Medicare Advantage plan.

** Less than 1 percent

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

Table 5A.
Race/Ethnicity of All Medicare Beneficiaries By Coverage Type (2002)

Coverage Type	Race / Ethnicity	
	<u>Non-White</u>	<u>White</u>
Medicare Advantage	16%	13%
Medicaid	32%	8%
Employer-based	20%	36%
Medigap	8%	26%
Other Public	3%	2%
Medicare Only	22%	15%
Total	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 race/ethnicity of all Medicare beneficiaries by supplemental coverage type.

For example, of all non-white Medicare beneficiaries, 16 percent had a Medicare Advantage plan in 2002.

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

Table 6A.
Race/Ethnicity of Medicare Beneficiaries, Living In An Area With At Least One Medicare Advantage Offering, By Coverage Type (2002)

Coverage Type	Race / Ethnicity	
	<u>Non-White</u>	<u>White</u>
Medicare Advantage	21%	21%
Medicaid	28%	7%
Employer-based	21%	36%
Medigap	6%	21%
Other Public	3%	2%
Medicare Only	21%	14%
Total	100%	100%

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

Note: Calculations based on non-institutionalized Medicare beneficiaries living in an area with at least one Medicare Advantage plan offering.

Table 6A shows the race/ethnicity of all Medicare beneficiaries who lived in an area with at least one Medicare Advantage plan available in 2002, by supplemental coverage type.

For example, of all non-white beneficiaries who lived in an area with at least one Medicare Advantage plan available in 2002, 21 percent had a Medicare Advantage plan.

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

Table 7A.
Coverage Types of Medicare Beneficiaries, Living In An Area With At Least One Medicare Advantage Offering, by Income (2002)

Coverage Type	Income Range						Total
	\$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	
All Medicare Beneficiaries	20%	27%	21%	12%	7%	12%	100%
Medicare Advantage	15%	35%	24%	12%	7%	7%	100%
Medicaid	77%	21%	**	**	**	**	100%
Employer-based	5%	19%	26%	18%	12%	20%	100%
Medigap	10%	29%	24%	13%	9%	15%	100%
Other Public	26%	41%	18%	5%	4%	5%	100%
Medicare Only	27%	32%	18%	10%	5%	8%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).
 Note: Calculations based on non-institutionalized Medicare beneficiaries living in an area with at least one Medicare Advantage plan offering.

Table 7A shows the percentage of Medicare beneficiaries with each supplemental coverage type, by income range. Calculations are based on Medicare beneficiaries living in an area with at least one Medicare Advantage plan available.

For example, of all Medicare beneficiaries who had a Medicare Advantage plan in 2002, 35 percent had incomes between \$10,000 and \$20,000.

** Less than 1 percent

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

Table 8A.
Coverage Types Of Medicare Beneficiaries, Living In An Area With At Least One Medicare Advantage Offering, By Race/Ethnicity (2002)

Coverage Type	Race / Ethnicity		
	<u>Non-White</u>	<u>White</u>	<u>Totals</u>
All Medicare Beneficiaries	17%	83%	100%
Medicare Advantage	18%	82%	100%
Medicaid	47%	53%	100%
Employer-based	11%	89%	100%
Medigap	5%	95%	100%
Other Public	25%	75%	100%
Medicare Only	24%	76%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).
 Note: Calculations based on non-institutionalized Medicare beneficiaries living in an area with at least one Medicare Advantage plan offering.

Table 8A shows the percentage of Medicare beneficiaries with each supplemental coverage type, by race/ethnicity. Calculations are based on Medicare beneficiaries living in an area with at least one Medicare Advantage plan available.

For example, of all Medicare beneficiaries with a Medicare Advantage plan in 2002, 18 percent were non-white.

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

Table 9A.
Medicare Beneficiaries With Medicare Advantage Coverage, Living In An Area With At Least One Medicare Advantage Offering, By Race and Income (2002)

Income Range	Race / Ethnicity		
	<u>Non-White</u>	<u>White</u>	<u>Totals</u>
\$10,000 or Less	6%	9%	15%
\$10,000 to \$20,000	7%	28%	35%
\$20,000 to \$30,000	3%	21%	24%
\$30,000 to \$40,000	1%	11%	12%
\$40,000 to \$50,000	**	6%	7%
More than \$50,000	**	7%	7%
Total	18%	82%	100%

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

Note: Calculations based on non-institutionalized Medicare beneficiaries living in an area with at least one Medicare Advantage plan offering.

Table 9A shows the income and race/ethnicity categories of Medicare beneficiaries with a Medicare Advantage plan. Calculations are based on Medicare beneficiaries living in an area with at least one Medicare Advantage plan available.

For example, of all Medicare beneficiaries with a Medicare Advantage plan in 2002, 28 percent were white and had incomes between \$10,000 and \$20,000.

** Less than 1 percent

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

Table 10A.
Medicare Beneficiaries With Medicaid Supplemental Coverage, Living In An Area With At Least One Medicare Advantage Offering, By Race and Income (2002)

Income Range	Race / Ethnicity		
	<u>Non-White</u>	<u>White</u>	<u>Totals</u>
\$10,000 or Less	35%	42%	77%
\$10,000 to \$20,000	11%	11%	21%
\$20,000 to \$30,000	**	**	1%
\$30,000 to \$40,000	**	**	**
\$40,000 to \$50,000	**	**	**
More than \$50,000	**	**	**
Total	47%	53%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).
 Note: Calculations based on non-institutionalized Medicare beneficiaries living in an area with at least one Medicare Advantage plan offering.

Table 10A shows the income and race/ethnicity categories of Medicare beneficiaries with Medicaid supplemental coverage. Calculations are based on Medicare beneficiaries living in an area with at least one Medicare Advantage plan available.

For example, of all Medicare beneficiaries who had Medicaid supplemental coverage and lived in an area with at least one Medicare Advantage plan available in 2002, 35 percent were non-white and earned less than \$10,000.

** Less than 1 percent

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

Table 11A.
Medicare Beneficiaries With Employer-Based Supplemental Coverage, Living In An Area With At Least One Medicare Advantage Offering, By Race and Income (2002)

Income Range	Race / Ethnicity		
	<u>Non-White</u>	<u>White</u>	<u>Totals</u>
\$10,000 or Less	1%	4%	5%
\$10,000 to \$20,000	3%	16%	19%
\$20,000 to \$30,000	3%	23%	26%
\$30,000 to \$40,000	2%	17%	18%
\$40,000 to \$50,000	1%	10%	12%
More than \$50,000	1%	19%	20%
Total	11%	89%	100%

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

Note: Calculations based on non-institutionalized Medicare beneficiaries living in an area with at least one Medicare Advantage plan offering.

Table 11A shows the income and race/ethnicity categories of Medicare beneficiaries with employer-based supplemental coverage. Calculations are based on Medicare beneficiaries living in an area with at least one Medicare Advantage plan available.

For example, of all Medicare beneficiaries with employer-based supplemental coverage who lived in an area with at least one Medicare Advantage plan available in 2002, 3 percent were non-white and had incomes between \$20,000 and \$30,000.

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

Table 12A.
Beneficiaries With Medigap Supplemental Coverage, Living In An Area With At Least One Medicare Advantage Offering, By Race and Income (2002)

Income Range	Race / Ethnicity		
	<u>Non-White</u>	<u>White</u>	<u>Totals</u>
\$10,000 or Less	1%	9%	10%
\$10,000 to \$20,000	2%	27%	29%
\$20,000 to \$30,000	1%	23%	24%
\$30,000 to \$40,000	**	12%	13%
\$40,000 to \$50,000	**	8%	9%
More than \$50,000	**	15%	15%
Total	5%	95%	100%

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

Note: Calculations based on non-institutionalized Medicare beneficiaries living in an area with at least one Medicare Advantage plan offering.

Table 12A shows the income and race/ethnicity categories of Medicare beneficiaries with Medigap supplemental coverage. Calculations are based on Medicare beneficiaries living in an area with at least one Medicare Advantage plan available.

For example, of all Medicare beneficiaries with Medigap supplemental coverage who lived in an area with at least one Medicare Advantage plan available in 2002, 27 percent were white and had incomes between \$10,000 and \$20,000.

** Less than 1 percent

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

Table 13A.
Medicare Beneficiaries With Other Public Supplemental Coverage, Living In An Area With At Least One Medicare Advantage Offering, By Race and Income (2002)

Income Range	Race / Ethnicity		
	<u>Non-White</u>	<u>White</u>	<u>Totals</u>
\$10,000 or Less	8%	18%	26%
\$10,000 to \$20,000	12%	30%	42%
\$20,000 to \$30,000	5%	14%	18%
\$30,000 to \$40,000	**	5%	5%
\$40,000 to \$50,000	**	4%	4%
More than \$50,000	**	5%	5%
Total	25%	75%	100%

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

Note: Calculations based on non-institutionalized Medicare beneficiaries living in an area with at least one Medicare Advantage plan offering.

Table 13A shows the income and race/ethnicity categories of Medicare beneficiaries with other public supplemental coverage. This includes coverage through TRICARE and the Department of Veterans Affairs, for example. Calculations are based on Medicare beneficiaries living in an area with at least one Medicare Advantage plan available.

For example, of all Medicare beneficiaries with other public supplemental coverage who lived in an area with at least one Medicare Advantage plan offering in 2002, 12 percent were non-white and had incomes between \$10,000 and \$20,000.

** Less than 1 percent

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

Table 14A.
Medicare Beneficiaries With Medicare Only Living In An Area With At Least One Medicare Advantage Offering, By Race and Income (2002)

Income Range	Race / Ethnicity		
	<u>Non-White</u>	<u>White</u>	<u>Totals</u>
\$10,000 or Less	10%	16%	26%
\$10,000 to \$20,000	9%	23%	32%
\$20,000 to \$30,000	2%	15%	18%
\$30,000 to \$40,000	2%	8%	10%
\$40,000 to \$50,000	**	5%	5%
More than \$50,000	**	8%	8%
Total	25%	75%	100%

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

Note: Calculations based on non-institutionalized Medicare beneficiaries living in an area with at least one Medicare Advantage plan offering.

Table 14A shows the income and race/ethnicity categories of Medicare beneficiaries with Medicare only. Calculations are based on Medicare beneficiaries living in an area with at least one Medicare Advantage plan available.

For example, of Medicare beneficiaries without supplemental coverage who lived in an area with at least one Medicare Advantage plan offering in 2002, 10 percent were non-white and earned less than \$10,000.

** Less than 1 percent

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

Table 15A. United States - Active Choosers

	<u>Medicare Only</u>	<u>Medicare Advantage</u>	<u>Medigap</u>
<u>All</u>	27%	35%	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).

Note: Calculations based on non-institutionalized Medicare beneficiaries living 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 reside in an area with at least one Medicare Advantage Plan. These beneficiaries can choose among Medicare Advantage, Medigap, or no supplemental coverage.

Table 15A shows the coverage type of all active choosers in the U.S., by race/ethnicity, education, and income range.

For example, of all active choosers in the U.S., 35 percent were enrolled in a Medicare Advantage plan in 2002; and of all non-white active choosers in the U.S., 39 percent were enrolled in a Medicare Advantage plan in 2002.

Table 16A. United States – Active Choosers With Incomes Between \$10,000 and \$20,000

	Medicare Only	Medicare Advantage	Medigap
<u>All</u>	27%	39%	34%
<u>Race/Ethnicity</u>			
Non-White	42%	43%	14%
White	24%	38%	38%
<u>Education</u>			
Less Than High School	34%	38%	29%
High School	22%	40%	38%
Some College / College Degree	27%	40%	33%

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

Note: Calculations based on non-institutionalized Medicare beneficiaries living 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 reside in an area with at least one Medicare Advantage Plan. These beneficiaries can choose among Medicare Advantage, Medigap, or no supplemental coverage.

Table 16A shows the coverage type of all active choosers in the U.S. with incomes between \$10,000 and \$20,000, by race/ethnicity and education.

For example, of all active choosers with incomes between \$10,000 and \$20,000, 39 percent were enrolled in a Medicare Advantage plan in 2002; and of all non-white active choosers with incomes between \$10,000 and \$20,000, 43 percent were enrolled in a Medicare Advantage plan in 2002.

Table 17A. South Florida Market – Active Choosers

	<u>Medicare Only</u>	<u>Medicare Advantage</u>	<u>Medigap</u>
<u>All</u>	11%	60%	29%
<u>Race/Ethnicity</u>			
Non-White	8%	82%	9%
White	12%	53%	35%
<u>Education</u>			
Less Than High School	9%	86%	5%
High School	15%	54%	31%
Some College / College Degree	8%	50%	42%
<u>Income Range</u>			
\$10,000 or Less	18%	76%	7%
\$10,000 to \$20,000	12%	76%	12%
\$20,000 to \$30,000	8%	54%	38%
\$30,000 to \$40,000	12%	45%	43%
\$40,000 to \$50,000	3%	37%	60%
More than \$50,000	9%	24%	67%

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

Note: Calculations based on non-institutionalized Medicare beneficiaries living 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 reside in an area with at least one Medicare Advantage Plan. These beneficiaries can choose among Medicare Advantage, Medigap, or no supplemental coverage. The MCBS data are not generally suited to regional analyses because the survey is conducted through a cluster sampling method. However, the MCBS dataset provided sufficient records in certain markets so as to allow an analysis of “active choosers.”

Table 17A shows the coverage type of all active choosers in the South Florida market, by race/ethnicity, education and income range.

For example, of all active choosers in the South Florida market with incomes between \$10,000 and \$20,000, 76 percent were enrolled in a Medicare Advantage plan in 2002.

South Florida market counties: Broward, Miami-Dade, Palm Beach.

Table 18A. Southern California Market – Active Choosers

	<u>Medicare Only</u>	<u>Medicare Advantage</u>	<u>Medigap</u>
<u>All</u>	17%	61%	22%
<u>Race/Ethnicity</u>			
Non-White	32%	59%	9%
White	13%	61%	25%
<u>Education</u>			
Less Than High School	22%	71%	8%
High School	19%	60%	21%
Some College / College Degree	14%	56%	30%
<u>Income Range</u>			
\$10,000 or Less	27%	65%	8%
\$10,000 to \$20,000	22%	68%	10%
\$20,000 to \$30,000	13%	61%	25%
\$30,000 to \$40,000	11%	66%	23%
\$40,000 to \$50,000	19%	45%	36%
More than \$50,000	13%	48%	39%

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

Note: Calculations based on non-institutionalized Medicare beneficiaries living 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 reside in an area with at least one Medicare Advantage Plan. These beneficiaries can choose among Medicare Advantage, Medigap, or no supplemental coverage. The MCBS data are not generally suited to regional analyses because the survey is conducted through a cluster sampling method. However, the MCBS dataset provided sufficient records in certain markets so as to allow an analysis of “active choosers.”

Table 18A shows the coverage type of all active choosers in the Southern California market, by race/ethnicity, education and income range.

For example, of all active choosers in the Southern California market with incomes between \$10,000 and \$20,000, 68 percent were enrolled in a Medicare Advantage plan in 2002.

Southern California market counties: Los Angeles, Orange, Riverside, San Bernardino, San Diego.

Table 19A. Northern California Market – Active Choosers

	Medicare Only	Medicare Advantage	Medigap
<u>All</u>	15%	58%	27%
<u>Race/Ethnicity</u>			
Non-White	17%	63%	19%
White	14%	57%	29%
<u>Education</u>			
Less Than High School	17%	61%	22%
High School	12%	64%	24%
Some College / College Degree	16%	52%	32%
<u>Income Range</u>			
\$10,000 or Less	14%	52%	34%
\$10,000 to \$20,000	13%	67%	20%
\$20,000 to \$30,000	15%	54%	31%
\$30,000 to \$40,000	20%	60%	20%
\$40,000 to \$50,000	13%	66%	21%
More than \$50,000	19%	34%	47%

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

Note: Calculations based on non-institutionalized Medicare beneficiaries living 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 reside in an area with at least one Medicare Advantage Plan. These beneficiaries can choose among Medicare Advantage, Medigap, or no supplemental coverage. The MCBS data are not generally suited to regional analyses because the survey is conducted through a cluster sampling method. However, the MCBS dataset provided sufficient records in certain markets so as to allow an analysis of “active choosers.”

Table 19A shows the coverage type of all active choosers in the Northern California market, by race/ethnicity, education and income range.

For example, of all active choosers in the Northern California market with incomes between \$10,000 and \$20,000, 67 percent were enrolled in a Medicare Advantage plan in 2002.

Northern California market counties: Alameda, Sacramento, San Francisco, San Joaquin, San Mateo, Santa Clara, Sonoma.

Table 20A. Philadelphia Market – Active Choosers

	<u>Medicare Only</u>	<u>Medicare Advantage</u>	<u>Medigap</u>
<u>All</u>	19%	47%	34%
<u>Race/Ethnicity</u>			
Non-White	22%	59%	19%
White	18%	43%	39%
<u>Education</u>			
Less Than High School	11%	50%	39%
High School	21%	46%	33%
Some College / College Degree	31%	40%	28%
<u>Income Range</u>			
\$10,000 or Less	13%	56%	31%
\$10,000 to \$20,000	13%	61%	26%
\$20,000 to \$30,000	15%	25%	61%
\$30,000 to \$40,000	40%	43%	17%
\$40,000 to \$50,000	36%	64%	**
More than \$50,000	31%	29%	40%

** Less than 1 percent

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

Note: Calculations based on non-institutionalized Medicare beneficiaries living 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 reside in an area with at least one Medicare Advantage Plan. These beneficiaries can choose among Medicare Advantage, Medigap, or no supplemental coverage. The MCBS data are not generally suited to regional analyses because the survey is conducted through a cluster sampling method. However, the MCBS dataset provided sufficient records in certain markets so as to allow an analysis of “active choosers.”

Table 20A shows the coverage type of all active choosers in the Philadelphia market, by race/ethnicity, education and income range.

For example, of all active choosers in the Philadelphia market with incomes between \$10,000 and \$20,000, 61 percent were enrolled in a Medicare Advantage plan in 2002.

Philadelphia market counties: Bucks, Chester, Delaware, Lehigh, Montgomery, Northampton, Philadelphia.

APPENDIX B METHODOLOGY

The purpose of this study was to describe the characteristics of Medicare beneficiaries choosing Medicare Advantage plans, and compare those characteristics with those of Medicare beneficiaries with other types of supplemental coverage or no supplemental coverage. We describe the beneficiaries by income range and race/ethnicity.

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

In general, we selected a subset of the data which included records of beneficiaries a) not institutionalized, and b) 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, employer-based coverage, Medigap, and other public coverage.⁶ The hierarchy is listed below.

Coverage Type Hierarchy

1. Enrolled in Medicare Advantage
2. Enrolled in Medicaid
3. Has employer-based insurance, or employer-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.⁷ Category three contains records on beneficiaries with employer-based supplemental coverage and those with both employer-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. Beneficiaries’ records in category six reflected no other coverage to supplement their basic Medicare benefits.

⁶ e.g. coverage from Veterans’ Administration, TRICARE.

⁷ 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.

The MCBS data are not generally suited to regional analyses because the survey is conducted through a cluster sampling method. However, the MCBS dataset provided sufficient records in certain markets⁸ to allow an analysis of “active choosers.” “Active choosers” were defined as Medicare beneficiaries who did not have employer-based coverage, did not qualify for Medicaid, and resided in an area with at least one Medicare Advantage Plan. These beneficiaries essentially had a clear choice among Medicare Advantage, Medigap, or no supplemental coverage. We selected several markets previously analyzed and described in a study commissioned by the Blue Cross Blue Shield Association⁹ to see if any changes had occurred over time. Our analysis of the markets for 2002 showed a basic consistency with the analysis previously performed using 1998-1999 MCBS data. We analyzed “active chooser” selections of Medicare supplemental coverage by race/ethnicity, educational level, and income range.

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.

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⁸ The markets selected, and the counties within each market, included: South Florida (Broward, Miami-Dade, Palm Beach), Southern California (Los Angeles, Orange, Riverside, San Bernardino, San Diego), Northern California (Alameda, Sacramento, San Francisco, San Joaquin, San Mateo, Santa Clara, Sonoma), and Philadelphia (Bucks, Chester, Delaware, Lehigh, Montgomery, Northampton, Philadelphia).

⁹ 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.