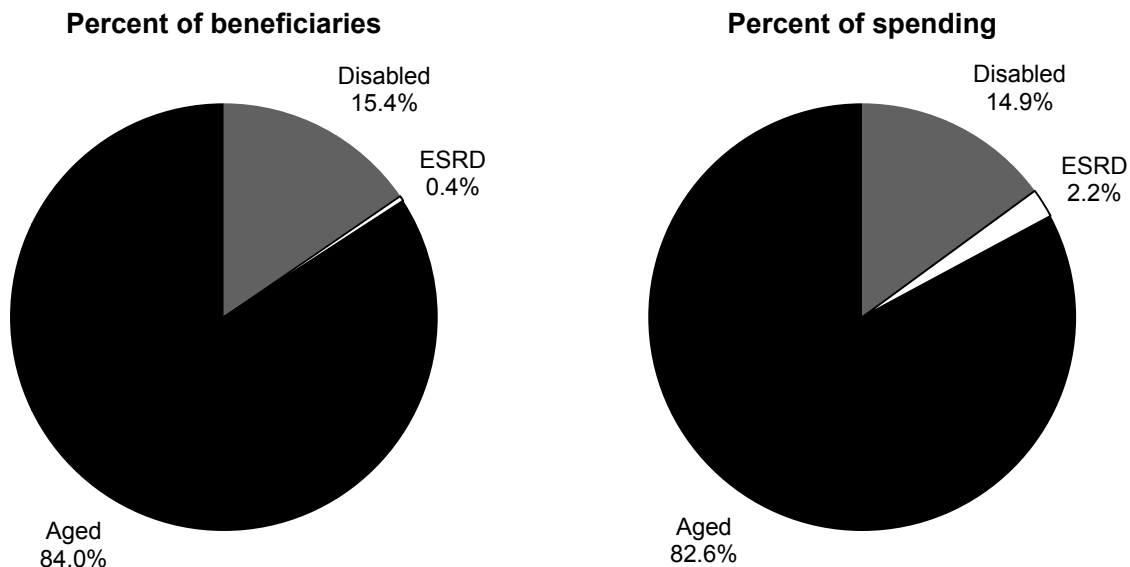


SECTION

2

**Medicare beneficiary
demographics**

Chart 2-1. Aged beneficiaries account for the greatest share of the Medicare population and program spending, 2006

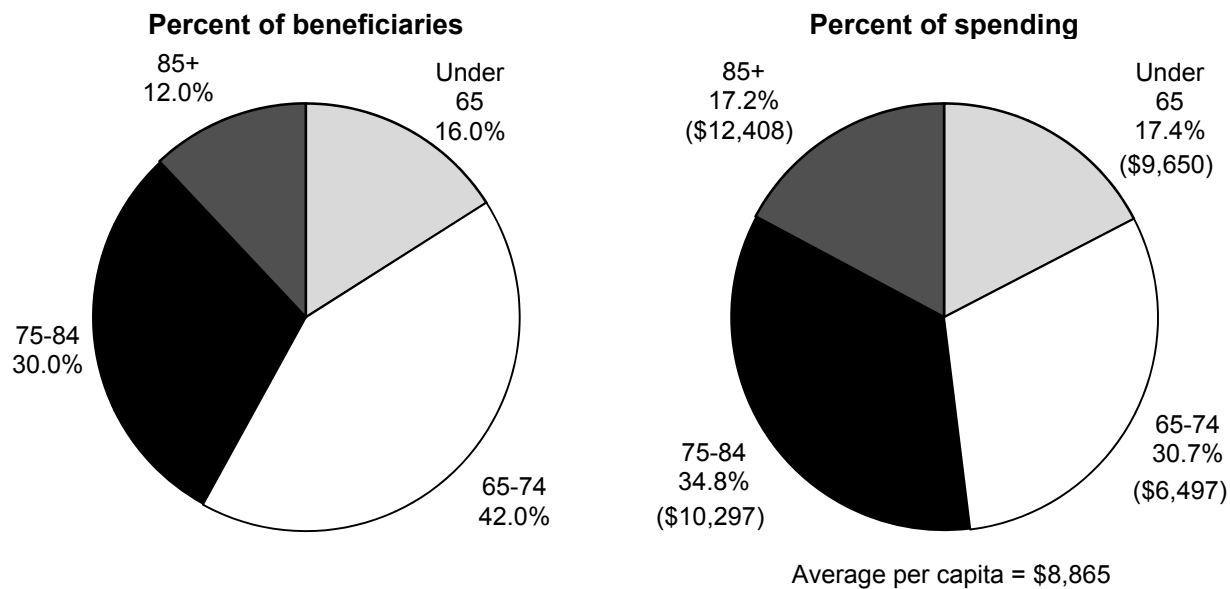


Note: ESRD (end-stage renal disease). Spending data reflect revised 2006 Medicare Current Beneficiary Survey (MCBS) Cost and Use file from CMS. As such, spending figures may differ from those in the MedPAC 2009 data book. ESRD refers to beneficiaries under age 65 with ESRD. The disabled category refers to beneficiaries under age 65 without ESRD. The aged category refers to beneficiaries age 65 or older. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the revised Medicare Current Beneficiary Survey, Cost and Use file, 2006. 2006 spending per ESRD beneficiary is from the United States Renal Data System.

- On average, Medicare spending per beneficiary in 2006 was \$8,865.
- A disproportionate share of Medicare expenditures is devoted to Medicare beneficiaries who are eligible due to end-stage renal disease (ESRD). On average, beneficiaries who are Medicare eligible due to ESRD cost more than five times as much as beneficiaries in other categories. In 2006, \$46,353 was spent per beneficiary enrolled due to ESRD versus \$8,716 per beneficiary enrolled due to age (including those with and without ESRD), and \$8,585 per (non-ESRD) beneficiary enrolled due to (non-ESRD) disability.
- Within the aged category, per capita spending for those with ESRD was \$59,509 versus \$8,406 for those without ESRD.

Chart 2-2. Medicare enrollment and spending by age group, 2006

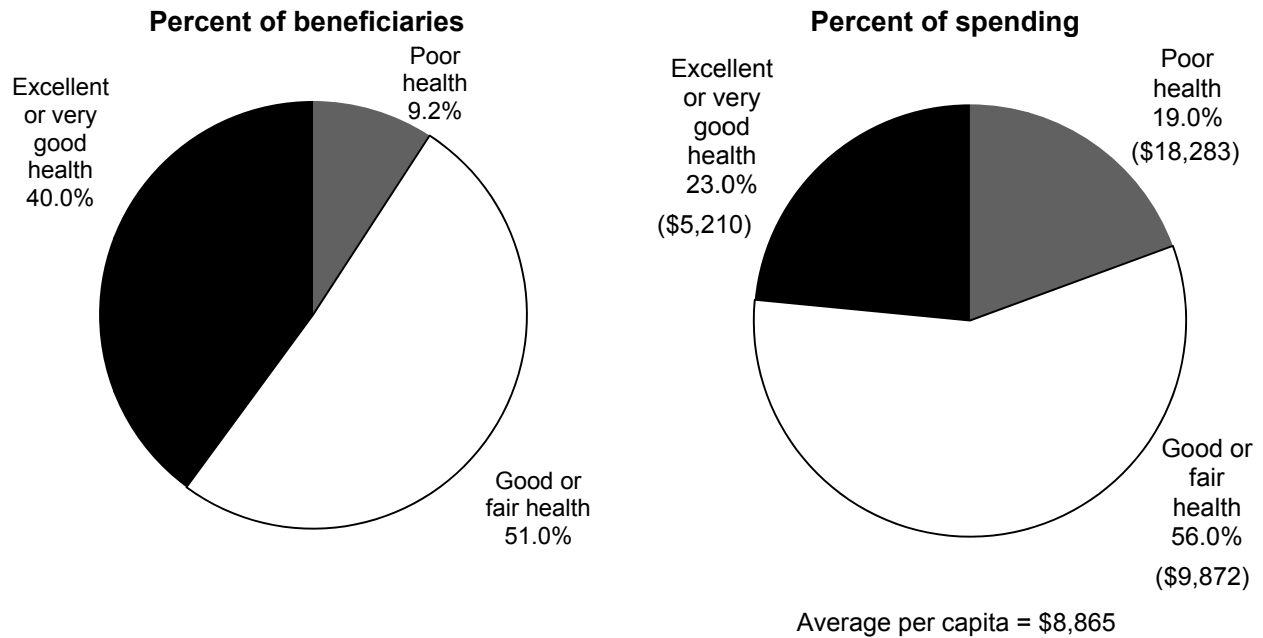


Note: Spending data reflect revised 2006 Medicare Current Beneficiary Survey (MCBS) Cost and Use file from CMS. As such, spending figures may differ from those in the MedPAC 2009 data book. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the revised Medicare Current Beneficiary Survey, Cost and Use file, 2006.

- For the aged population (65+), per capita expenditures increase with age. Per capita expenditures were \$6,497 for beneficiaries ages 65 to 74, \$10,297 for those 75 to 84, and \$12,408 for those 85 or older. Per capita expenditures for Medicare beneficiaries under age 65 enrolled due to ESRD or disability were \$9,650.

Chart 2-3. Beneficiaries who report being in poor health account for a disproportionate share of Medicare spending, 2006

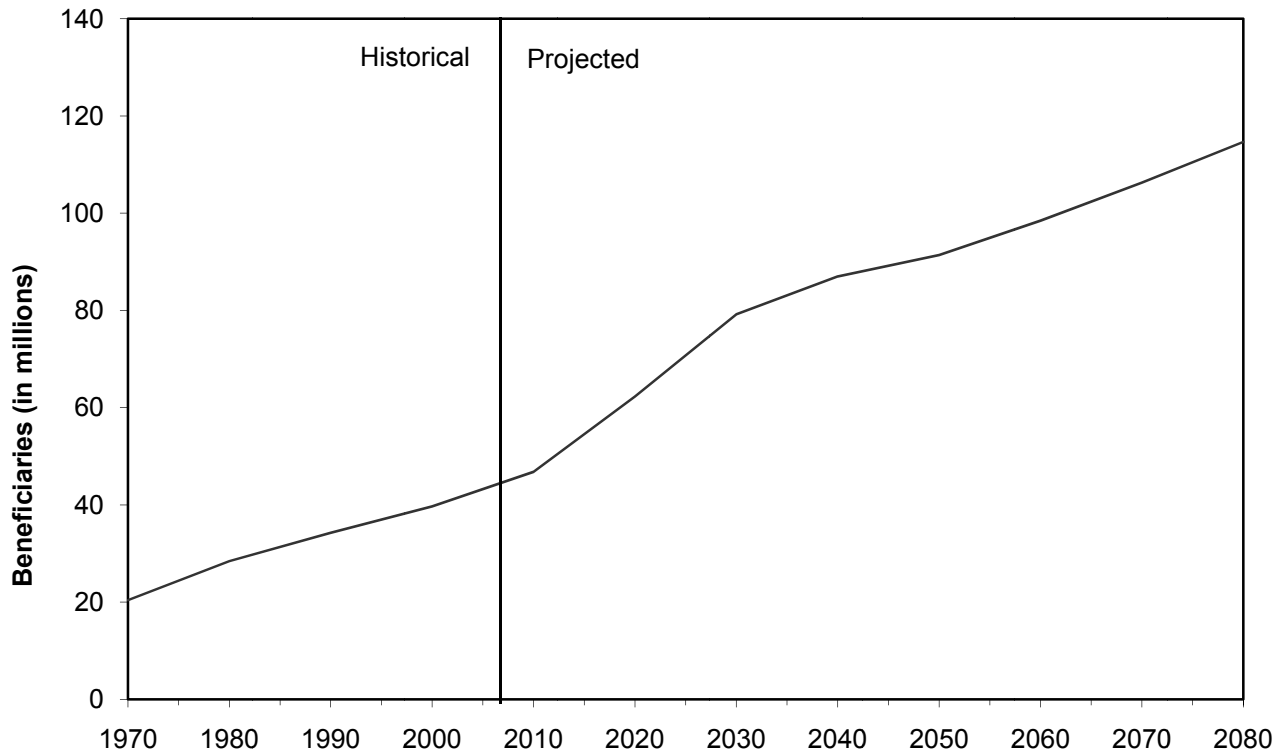


Note: Spending data reflect revised 2006 Medicare Current Beneficiary Survey (MCBS) Cost and Use file from CMS. As such, spending figures may differ from those in the MedPAC 2009 data book. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the revised Medicare Current Beneficiary Survey, Cost and Use file, 2006.

- In 2006, most beneficiaries reported relatively good health. Fewer than 10 percent reported poor health.
- Medicare spending is strongly associated with self-reported health status. In 2006, per capita expenditures were \$5,210 for those who reported excellent or very good health, \$9,872 for those who reported good or fair health, and \$18,283 for those who reported poor health. On average, Medicare spending per beneficiary was \$8,865.

Chart 2-4. Enrollment in the Medicare program is projected to grow faster than ever in the next 30 years



Note: Enrollment numbers are based on Part A enrollment only. Beneficiaries enrolled only in Part B are not included.

Source: CMS, Office of the Actuary, 2009.

- The total number of people enrolled in the Medicare program will nearly double between 2000 and 2030, from about 40 million to 79 million beneficiaries.
- The rate of increase in Medicare enrollment will accelerate as more members of the baby-boom generation become eligible and will slow around 2030 after the entire baby-boom generation has become eligible.

Chart 2-5. Characteristics of the Medicare population, 2006

Characteristic	Percent of the Medicare population*	Characteristic	Percent of the Medicare population*
Total (43,877,456)	100%		
Sex		Education	
Male	44	No high school diploma	27%
Female	56	High school diploma only	30
		Some college or more	41
Race/ethnicity		Income status	
White, non-Hispanic	78	Below poverty	15
African American, non-Hispanic	9	100–125% of poverty	9
Hispanic	8	125–200% of poverty	20
Other	5	200–400% of poverty	31
		Over 400% of poverty	25
Age		Supplemental insurance status	
<65	16	Medicare only	10
65–74	42	Managed care	17
75–84	30	Employer	32
85+	12	Medigap	19
Health status		Medigap/employer	5
Excellent or very good	40	Medicaid	16
Good or fair	51	Other	1
Poor	9		
Residence			
Urban	76		
Rural	24		
Living arrangement			
Institution	5		
Alone	28		
Spouse	49		
Other	18		

Note: Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2006, poverty was defined as income of \$10,294 for people living alone and as \$13,167 for married couples. Totals may not sum to 100 percent due to rounding. Some beneficiaries may have more than one type of supplemental insurance.

*Based on a representative sample of the Medicare population.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey (MCBS), Cost and Use file, 2006.

- Close to one-quarter of beneficiaries live in rural areas.
- Twenty-eight percent of the Medicare population lives alone.
- Twenty-seven percent of beneficiaries have no high school diploma.
- Most Medicare beneficiaries have some source of supplemental insurance.

Chart 2-6. Characteristics of the Medicare population, by rural and urban residence, 2006

Characteristic	Percent of urban Medicare population	Percent of rural Medicare population
Sex		
Male	44%	45%
Female	56	55
Race/ethnicity		
White, non-Hispanic	76	86
African American, non-Hispanic	10	7
Hispanic	9	3
Other	5	5
Age		
<65	15	18
65–74	42	42
75–84	31	28
85+	13	11
Health status		
Excellent or very good	40	37
Good or fair	51	52
Poor	9	11
Income status		
Below poverty	14	16
100–125% of poverty	9	10
125–200% of poverty	20	23
200–400% of poverty	31	32
Over 400% of poverty	26	19

Note: Urban indicates beneficiaries living in metropolitan statistical areas (MSAs). Rural indicates beneficiaries living outside MSAs. In 2006, poverty was defined as income of \$10,294 for people living alone and as \$13,167 for married couples. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey (MCBS), Cost and Use file, 2006.

- Rural Medicare beneficiaries are more likely to be white (86 percent vs. 76 percent), to report being in poor health (11 percent vs. 9 percent), and to have incomes below 125 percent of poverty (26 percent vs. 23 percent) compared with urban beneficiaries.

Chart 2-7. The 20 clinical episode groups that account for the greatest share of total spending on episodes, 2005

Rank	Episode Treatment Groups [®] base group	Number of episodes (in thousands)	Average spending per episode*	Share of total spending on episodes
1	Ischemic heart disease	6,504	\$4,296	14.0%
2	Congestive heart failure	2,493	3,437	4.3
3	Hypertension	14,166	562	4.0
4	Cerebral vascular accident	2,685	2,658	3.6
5	Chronic obstructive pulmonary disease	2,308	2,955	3.4
6	Diabetes	5,823	1,108	3.2
7	Joint degeneration, localized—knee & lower leg	2,272	2,681	3.1
8	Joint degeneration, localized—back	3,986	1,520	3.0
9	Chronic renal failure	1,170	4,844	2.8
10	Closed fracture or dislocation—thigh, hip, & pelvis	347	13,229	2.3
11	Cataract	7,708	585	2.3
12	Bacterial lung infections	1,155	3,708	2.1
13	Malignant neoplasm of pulmonary system	284	10,895	1.6
14	Malignant neoplasm of prostate	1,025	2,787	1.4
15	Malignant neoplasm of breast	857	3,138	1.4
16	Psychotic & schizophrenic disorders	559	4,725	1.3
17	Malignant neoplasm of skin, major	2,688	882	1.2
18	Joint degeneration, localized—thigh, hip, & pelvis	781	2,991	1.2
19	Other metabolic disorders	1,852	1,253	1.2
20	Atherosclerosis	1,036	2,056	1.1

Note: Symmetry Episode Treatment Groups[®] (ETGs[®]) is an Ingenix, Inc., product. The number of episodes column represents an estimate of the number of cases in the entire Medicare population based on the number of cases in the 5 percent sample. *Spending is standardized to exclude variation in resource costs due to geographic differences in input costs or policy considerations (e.g., teaching hospital payments).

Source: MedPAC analysis of 5 percent sample of 2001–2006 Medicare claims using ETGs[®] version 7.5.1.

- The 20 clinical episode groups that accounted for the greatest share of total spending on episodes in 2005 together accounted for 58 percent of total spending on episodes.
- Of the 20 clinical episode groups, two are acute conditions—closed fracture or dislocation—thigh, hip, & pelvis and bacterial lung infections. The rest are chronic conditions. (Chronic ETG base groups cover health services for a full year and may include acute services. For example, cerebral vascular accident is a chronic condition base group that is split into six ETGs: with and without complication, with and without comorbidity, and with and without surgery.)
- ETG software groups claims into clinically distinct episodes of care. They include approximately 524 clinically related groups called ETG base classes.

Chart 2-8. The 20 common clinical episode groups that grew the fastest in terms of total spending on episodes, 2002–2005

Rank	Episode Treatment Groups® base group	Average annual growth 2002–2005	Number of episodes, 2005 (in thousands)	Average spending per episode, 2005*	Share of total spending on episodes, 2005
1	Joint degeneration, localized–neck	19%	1,346	\$1,213	0.8%
2	Other metabolic disorders	18	1,852	1,253	1.2
3	Lymphoma	16	138	9,005	0.6
4	Joint degeneration, localized–back	16	3,986	1,520	3.0
5	Joint degeneration, localized–knee & lower leg	14	2,272	2,681	3.1
6	Chronic renal failure	14	1,170	4,844	2.8
7	Chronic obstructive pulmonary disease	12	2,308	2,955	3.4
8	Malignant neoplasm of breast	11	857	3,138	1.4
9	Adult rheumatoid arthritis	11	573	1,864	0.5
10	Malignant neoplasm of large intestine	11	215	5,186	0.6
11	Atrial fibrillation & flutter	10	876	1,809	0.8
12	Malignant neoplasm of skin, major	10	2,688	882	1.2
13	Atherosclerosis	10	1,036	2,056	1.1
14	Hypertension	10	14,166	562	4.0
15	Spinal trauma	10	406	3,110	0.6
16	Chronic skin ulcers	10	875	2,212	1.0
17	Joint degeneration, localized–thigh, hip, & pelvis	9	781	2,991	1.2
18	Nonmalignant neoplasm of prostate	8	1,873	571	0.5
19	Leukemia	8	130	8,256	0.5
20	Infection of lower genitourinary system, not sexually transmitted	7	2,605	646	0.8

Note: Symmetry Episode Treatment Groups® (ETGs®) is an Ingenix, Inc., product. Common episodes include those that accounted for at least 0.5 percent of total spending on episodes. The number of episodes column represents an estimate of the number of cases in the entire Medicare population based on the number of cases in the 5 percent sample. *Spending is standardized to exclude variation in resource costs due to geographic differences in input costs or policy considerations (e.g., teaching hospital payments).

Source: MedPAC analysis of 5 percent sample of 2001–2006 Medicare claims using ETGs® version 7.5.1.

- The 20 clinical episode groups that grew the fastest in terms of total spending on episodes from 2002 to 2005 (among those that accounted for at least 0.5 percent of total spending on episodes) together accounted for 29 percent of total episode spending in 2005.
- Of the 20 fastest growing clinical episode groups, two are acute conditions—spinal trauma and infection of lower genitourinary system, not sexually transmitted. The rest are chronic conditions.

Web links. Medicare beneficiary demographics

- CMS Data Compendium contains historic, current, and projected data on Medicare enrollment.

<http://www.cms.gov/DataCompendium/>

- The CMS website provides information on Medicare enrollment by state.

<http://www.cms.gov/MedicareEnRpts>

- The CMS website provides information about the Medicare Current Beneficiary Survey, a resource on the demographic characteristics of Medicare beneficiaries.

<http://www.cms.gov/mcbs/>

