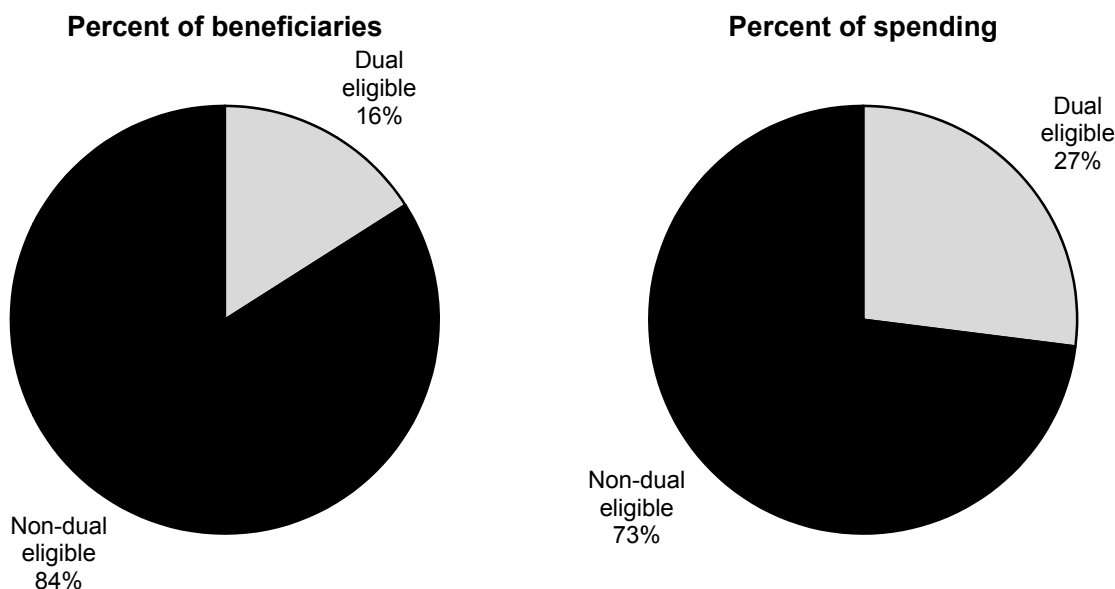


SECTION

3

**Dual-eligible
beneficiaries**

Chart 3-1. Dual-eligible beneficiaries account for a disproportionate share of Medicare spending, 2006

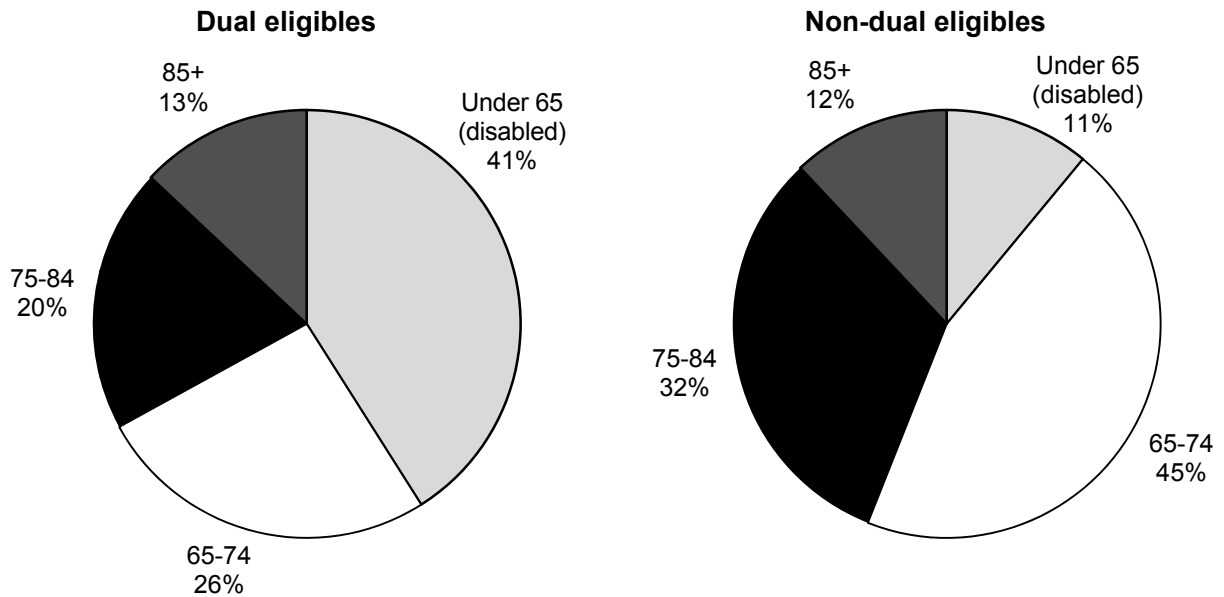


Note: Dual eligibles are designated as such if the months they qualify for Medicaid exceed months they qualify for supplemental insurance. Spending data reflect revised 2006 Medicare Current Beneficiary Survey (MCBS) Cost and Use file from CMS. As such, spending figures may differ from those in the MedPAC 2009 data book.

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

- Dual-eligible beneficiaries are those who qualify for both Medicare and Medicaid. Medicaid is a joint federal and state program designed to help low-income persons obtain needed health care.
- Dual-eligible beneficiaries account for a disproportionate share of Medicare expenditures: as 16 percent of the Medicare population, they represent 27 percent of aggregate Medicare spending.
- On average, dual-eligible beneficiaries incur 2.2 times as much annual fee-for-service Medicare spending as non-dual-eligible beneficiaries: \$15,384 is spent per dual-eligible beneficiary, and \$6,992 is spent per non-dual-eligible beneficiary.
- In 2006, average total spending—which includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending across all payers—for dual eligibles was about \$26,800 per beneficiary, just under twice the amount for other Medicare beneficiaries.

Chart 3-2. Dual-eligible beneficiaries are more likely than non-dual eligibles to be disabled, 2006

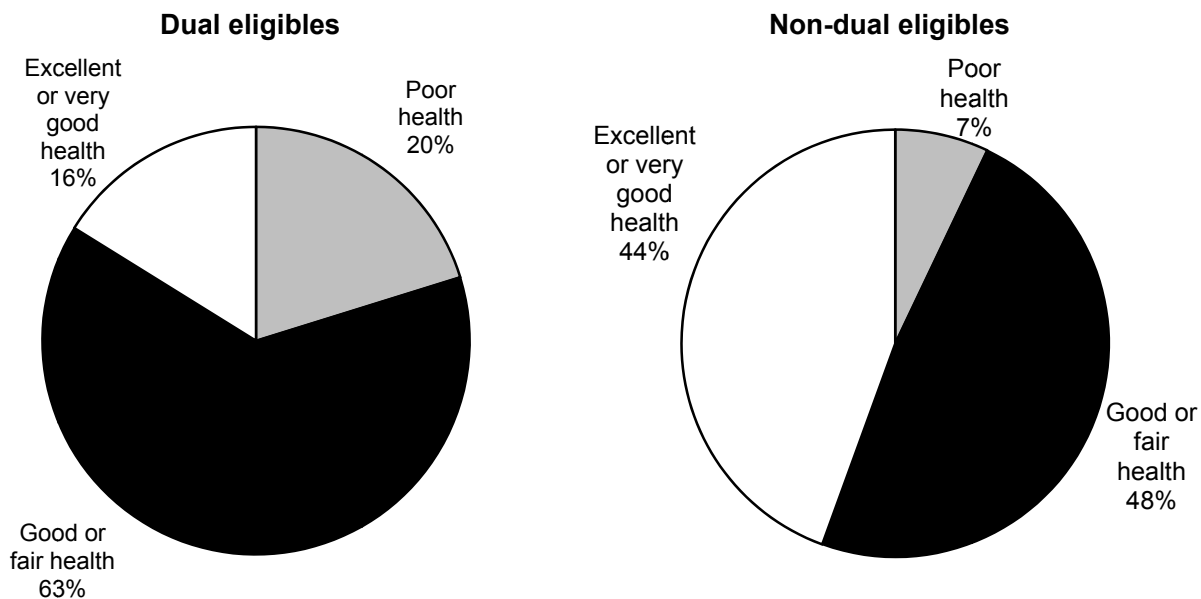


Note: Beneficiaries who are under age 65 qualify for Medicare because they are disabled. Once disabled beneficiaries reach age 65, they are counted as aged. Dual eligibles are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance. Totals may not sum to 100 percent due to rounding.

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

- Dual-eligible beneficiaries are more likely than non-dual-eligible beneficiaries to be under-65 disabled. Forty-one percent of dual-eligible beneficiaries are under-65 disabled, compared with 11 percent of the non-dual-eligible population.

Chart 3-3. Dual-eligible beneficiaries are more likely than non-dual eligibles to report poorer health status, 2006



Note: Totals may not sum to 100 percent due to missing responses. Dual eligibles are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance.

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

- Dual-eligible beneficiaries are more likely than non-dual eligibles to report poorer health status. Most report good or fair status, but 20 percent of the dual-eligible population reports being in poor health (compared with less than 10 percent of the non-dual-eligible population).
- Dual-eligible beneficiaries are more likely to suffer from cognitive impairment and mental disorders. They also have higher rates of diabetes, pulmonary disease, stroke, and Alzheimer’s disease than do non-dual-eligible beneficiaries.

Chart 3-4. Demographic differences between dual-eligible beneficiaries and non-dual eligibles, 2006

Characteristic	Percent of dual-eligible beneficiaries	Percent of non-dual-eligible beneficiaries
Sex		
Male	39%	45%
Female	61	55
Race/ethnicity		
White, non-Hispanic	58	82
African American, non-Hispanic	18	7
Hispanic	15	6
Other	9	4
Limitations in ADLs		
No ADLs	49	71
1–2 ADLs	23	19
3–6 ADLs	29	10
Residence		
Urban	70	77
Rural	30	23
Living arrangement		
Institution	19	3
Alone	31	27
Spouse	17	55
Children, nonrelatives, others	32	15
Education		
No high school diploma	54	22
High school diploma only	24	31
Some college or more	18	45
Income status		
Below poverty	51	8
100–125% of poverty	22	7
125–200% of poverty	19	21
200–400% of poverty	5	36
Over 400% of poverty	2	29
Supplemental insurance status		
Medicare or Medicare/Medicaid only	91	12
Medicare managed care	3	21
Employer	2	38
Medigap	0	22
Medigap/employer	0	6
Other*	4	1

Note: ADL (activity of daily living). Dual eligibles are designated as such if the months they qualify for Medicaid exceed the months they qualify for other supplemental insurance. 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 \$13,167 for married couples. Totals may not sum to 100 percent due to rounding and exclusion of an “other” category. *Includes public programs such as the Department of Veterans Affairs and state-sponsored drug plans.

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

- Dual eligibles qualify for Medicaid due to low incomes: Fifty-one percent live below the poverty level, and 92 percent live below 200 percent of poverty. Compared with nonduals, dual eligibles are more likely to be female; to be African American or Hispanic; to lack a high school diploma; to have greater limitations in activities of daily living; to reside in a rural area; and to live in an institution (19 percent vs. 3 percent), alone, or with persons other than a spouse.

Chart 3-5. Differences in spending and service use rate between dual-eligible beneficiaries and non-dual eligibles, 2006

Service	Dual-eligible beneficiaries	Non-dual-eligible beneficiaries
Average Medicare payment for all beneficiaries		
Total Medicare payments	\$15,384	\$6,992
Inpatient hospital	5,269	2,611
Physician*	3,075	2,209
Outpatient hospital	1,729	808
Home health	709	311
Skilled nursing facility**	1,068	401
Hospice	331	173
Prescribed medication	3,184	465
Percent of beneficiaries using service		
Percent using any type of service	95.7%	85.7%
Inpatient hospital	28.5	18.5
Physician*	90.9	84.3
Outpatient hospital	75.7	63
Home health	12.4	7.5
Skilled nursing facility**	10.3	3.9
Hospice	3.4	1.7

Note: Includes only fee-for-service Medicare beneficiaries. Dual eligibles are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance. Spending totals derived from the Medicare Current Beneficiary Survey (MCBS) do not necessarily match official estimates from CMS, Office of the Actuary. Total payments may not equal the sum of line items as some minor items have been omitted. Spending data reflect revised 2006 Medicare Current Beneficiary Survey Cost and Use file from CMS. As such, spending figures may differ from those in the MedPAC 2009 data book.

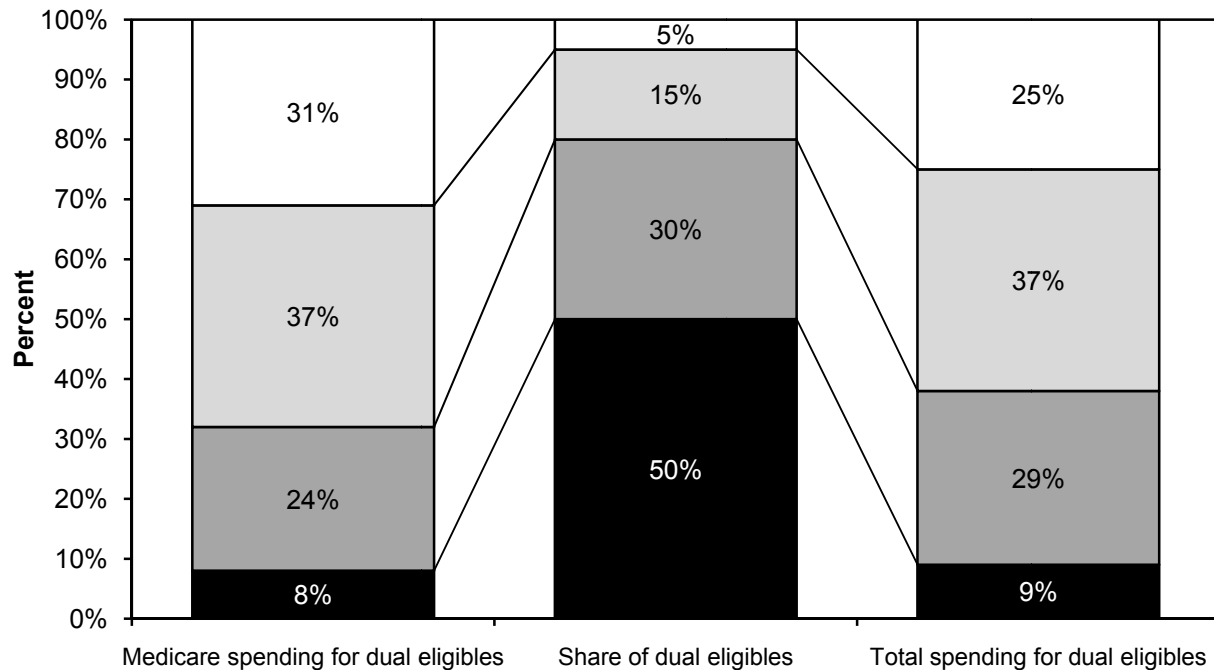
*Includes a variety of medical services, equipment, and supplies.

**Individual short-term facility (usually skilled nursing facility) stays for the Medicare Current Beneficiary Survey population.

Source: MedPAC analysis of the revised Medicare Current Beneficiary Survey, Cost and Use file, 2006, which updates the previous analysis by Liu, K., S.K. Long, and C. Aragon. 1998. Does health status explain higher Medicare costs among Medicaid enrollees? *Health Care Financing Review* 20, no. 2 (Winter): 39–54.

- Average per capita Medicare spending for dual-eligible beneficiaries is more than twice that for non-dual-eligible beneficiaries—\$15,384 compared with \$6,992.
- For each type of service, average Medicare per capita spending is higher for dual-eligible beneficiaries than for non-dual-eligible beneficiaries.
- Higher average per capita spending for dual-eligible beneficiaries is a function of a higher service use rate and greater intensity of use than their non-dual-eligible counterparts.
- Dual-eligible beneficiaries are more likely to use each type of Medicare-covered service than non-dual-eligible beneficiaries.

Chart 3-6. Both Medicare and total spending are concentrated among dual-eligible beneficiaries, 2006



Note: Total spending includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending. Dual eligibles are designated as such if the months they qualify for Medicaid exceed the months they qualify for supplemental insurance. Totals may not sum to 100 percent due to rounding. 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.

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

- Annual Medicare spending is concentrated among a small number of dual-eligible beneficiaries. The costliest 20 percent of duals account for 68 percent of Medicare spending and 62 percent of total spending on dual-eligible beneficiaries. In contrast, the least costly 50 percent of dual-eligible beneficiaries account for only 8 percent of Medicare spending and 9 percent of total spending on dual-eligible beneficiaries.
- On average, total spending for dual-eligible beneficiaries is almost twice that for non-dual-eligible beneficiaries—\$26,794 compared with \$13,535.

Web links. Dual-eligible beneficiaries

- Chapter 5 of the MedPAC June 2010 Report to the Congress provides further information on dual-eligible beneficiaries.
- The Kaiser Family Foundation provides information on dual-eligible beneficiaries.
<http://www.kff.org/medicaid/duals.cfm>
- The CMS Medicaid At-A-Glance publication provides information on the Medicaid program.
<http://www.cms.gov/MedicaidGenInfo/downloads/MedicaidAtAGlance2005.pdf>

