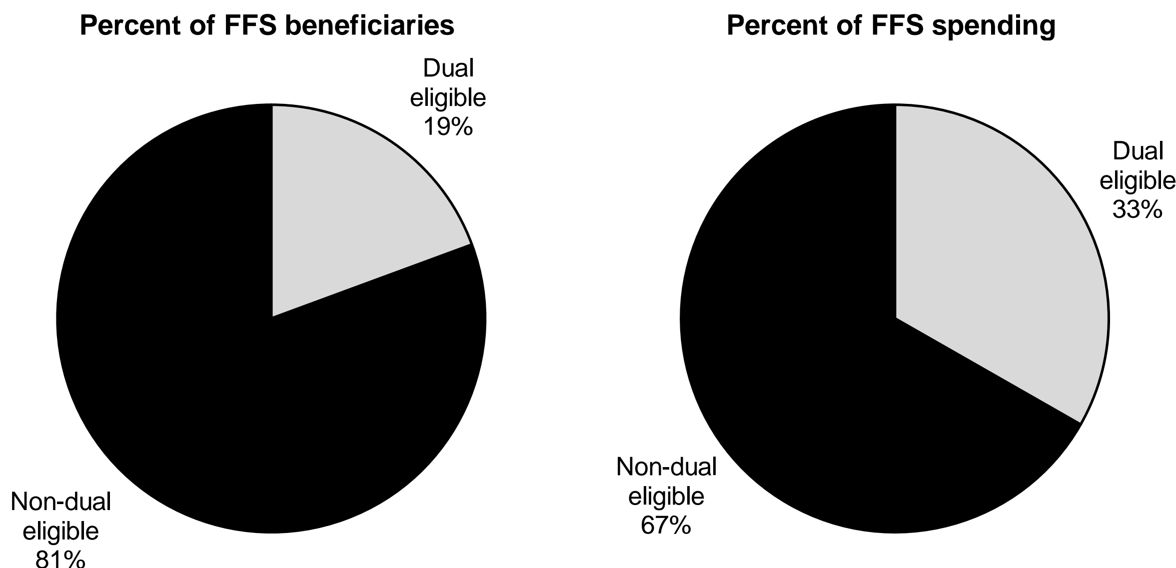
SECTION 4

Dual-eligible beneficiaries

Chart 4-1. Dual-eligible beneficiaries accounted for a disproportionate share of Medicare spending, 2016



Note: FFS (fee-for-service). "Dual-eligible beneficiaries" are defined as beneficiaries who were eligible for both Medicare and Medicaid for at least one month during the year.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, 2016.

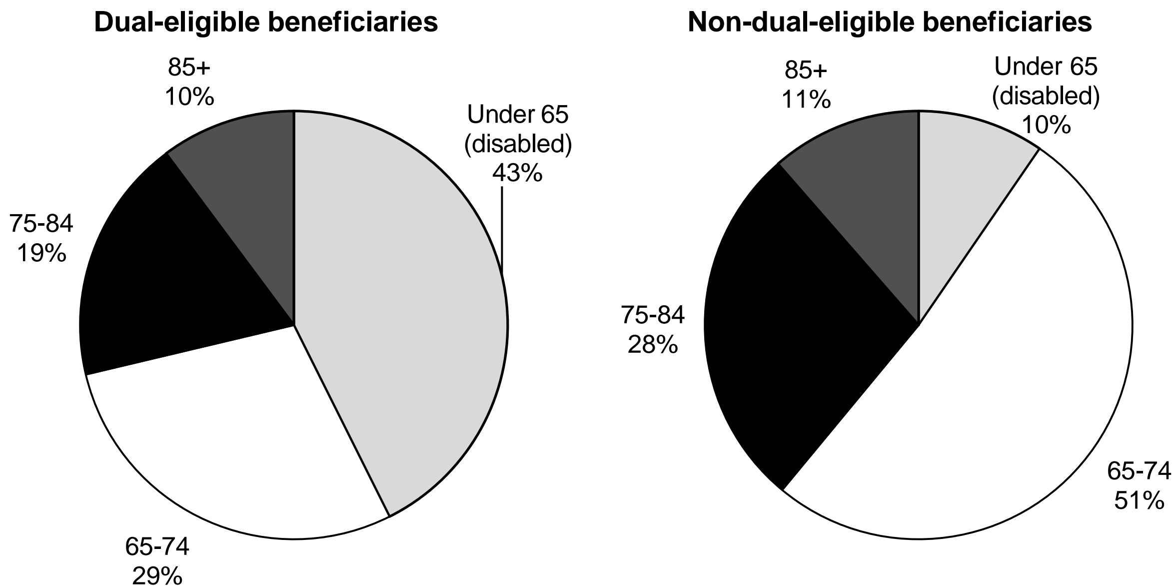
- Dual-eligible beneficiaries are those who qualify for both Medicare and Medicaid. Medicaid is a joint federal and state program designed to help people with low incomes obtain needed health care.

- Dual-eligible beneficiaries account for a disproportionate share of Medicare FFS expenditures. Although they were 19 percent of the Medicare FFS population in 2016, they represented 33 percent of aggregate Medicare FFS spending.

- On average, Medicare FFS per capita spending is more than twice as high for dual-eligible beneficiaries compared with non-dual-eligible beneficiaries: In 2016, $18,280 was spent per dual-eligible beneficiary, and $8,817 was spent per non-dual-eligible beneficiary (data not shown).

- In 2016, average total spending—which includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending across all payers—for dual-eligible beneficiaries was $28,970 per beneficiary, about twice the amount for other Medicare beneficiaries (data not shown).

Chart 4-2. Dual-eligible beneficiaries were more likely than non-dual-eligible beneficiaries to be under age 65 and disabled, 2016

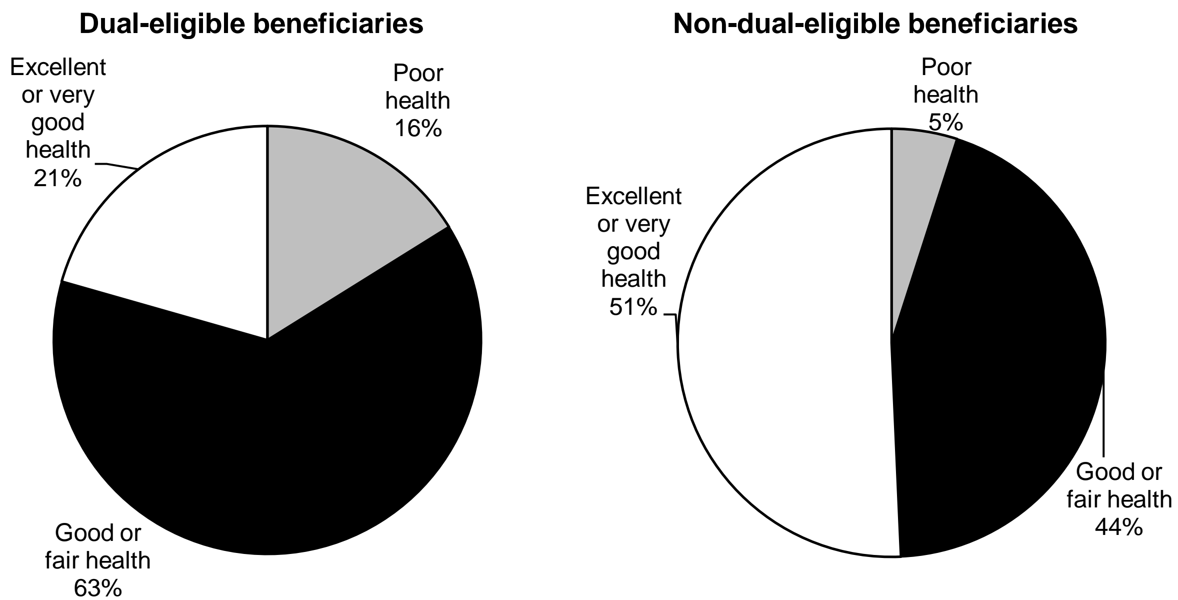


Note: Beneficiaries who are under age 65 generally qualify for Medicare because they are disabled. Once disabled beneficiaries reach age 65, they are counted as aged beneficiaries. "Dual-eligible beneficiaries" are defined as beneficiaries who were eligible for both Medicare and Medicaid for at least one month during the year. Totals may not sum to 100 percent due to rounding.

Source: MedPAC analysis of Medicare Current Beneficiary Survey, 2016.

- Disability is a pathway for individuals to become eligible for both Medicare and Medicaid benefits.
- Dual-eligible beneficiaries are more likely than non-dual-eligible beneficiaries to be under age 65 and disabled. In 2016, 43 percent of dual-eligible beneficiaries were under age 65 and disabled compared with 10 percent of the non-dual-eligible population.

Chart 4-3. Dual-eligible beneficiaries were more likely than non-dual-eligible beneficiaries to report being in poor health, 2016



Note: "Dual-eligible beneficiaries" are defined as beneficiaries who were eligible for both Medicare and Medicaid for at least one month during the year.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, 2016.

- Dual-eligible beneficiaries are more likely than non-dual-eligible beneficiaries to report being in poor health. In 2016, 16 percent of dual-eligible beneficiaries reported being in poor health compared with 5 percent of non-dual-eligible beneficiaries.
- Just over half of non-dual-eligible beneficiaries (51 percent) reported being in excellent or very good health in 2016. In comparison, about one-fifth (21 percent) of dual-eligible beneficiaries reported being in excellent or very good health.

Chart 4-4. Demographic differences between dual-eligible beneficiaries and non-dual-eligible beneficiaries, 2016

Characteristic	Percent of dual-eligible beneficiaries	Percent of non-dual-eligible beneficiaries
Sex		
Male	39%	47%
Female	61	53
Race/ethnicity		
White, non-Hispanic	52	81
African American, non-Hispanic	19	8
Hispanic	18	6
Other	11	6
Limitations in ADLs		
No limitations in ADLs	46	73
Limitations in 1–2 ADLs	26	18
Limitations in 3–6 ADLs	28	9
Residence		
Urban	79	80
Rural	21	20
Living arrangement		
Institution	10	1
Alone	32	27
With spouse	18	57
With children, nonrelatives, others	39	15
Education		
No high school diploma	39	12
High school diploma only	31	27
Some college or more	30	61
Income status		
Below poverty	53	6
100–125% of poverty	20	4
125–200% of poverty	19	17
200–400% of poverty	7	33
Over 400% of poverty	1	40
Supplemental insurance status		
Medicare or Medicare/Medicaid only	55	16
Medicare managed care	36	35
Employer-sponsored insurance	2	27
Medigap	3	20
Medigap/employer	<1	1
Other*	3	1

Note: ADL (activity of daily living). "Dual-eligible beneficiaries" are defined as beneficiaries who were eligible for both Medicare and Medicaid for at least one month during the year. "Urban" indicates beneficiaries living in metropolitan statistical areas (MSAs). "Rural" indicates beneficiaries living outside of MSAs. In 2016, poverty was defined as annual income of $11,511 for people living alone and $14,522 for married couples. Totals may not sum to 100 percent due to rounding and exclusion of an "other" category. Poverty thresholds are calculated by the U.S. Census Bureau (https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html).
*Includes public programs such as the Department of Veterans Affairs and state-sponsored drug plans.

Source: MedPAC analysis of Medicare Current Beneficiary Survey, 2016.

- Dual-eligible beneficiaries qualify for Medicaid due in part to low incomes. In 2016, 53 percent of dual-eligible beneficiaries lived below the federal poverty level, and 92 percent lived below 200 percent of the poverty level. Compared with non-dual-eligible beneficiaries, dual-eligible beneficiaries are more likely to be female, be African American or Hispanic, lack a high school diploma, have greater limitations in activities of daily living, and live in an institution. They are less likely to have supplemental employer-sponsored or Medigap coverage.

Chart 4-5. Differences in Medicare spending and service use between dual-eligible beneficiaries and non-dual-eligible beneficiaries, 2016

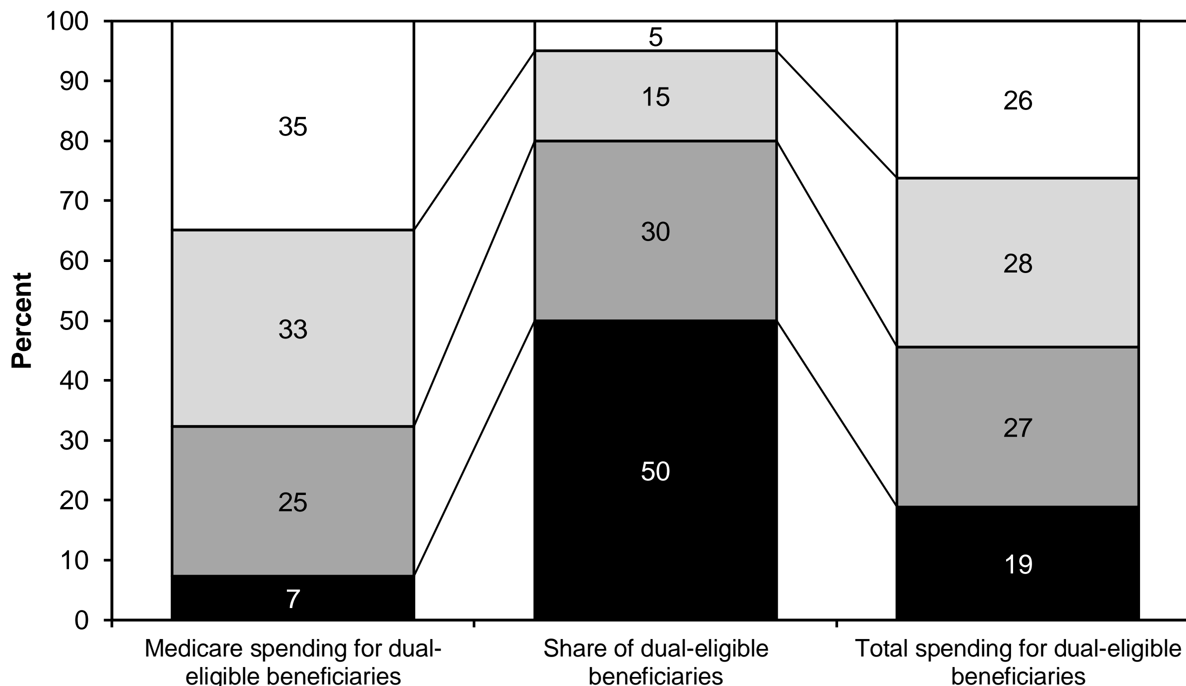
Service	Dual-eligible beneficiaries	Non-dual-eligible beneficiaries
Average FFS Medicare payment for all beneficiaries		
Total Medicare FFS payments	$18,280	$8,817
Inpatient hospital	4,043	2,284
Physician[a]	3,178	2,611
Outpatient hospital	2,166	1,456
Home health	728	369
Skilled nursing facility[b]	1,221	420
Hospice	479	206
Prescribed medication[c]	6,429	1,466
Share of FFS beneficiaries using service		
Share using any type of service	97.0%	86.2%
Inpatient hospital	23.2	12.9
Physician[a]	92.5	82.8
Outpatient hospital	79.1	62.5
Home health	13.1	7.5
Skilled nursing facility[b]	6.2	3.3
Hospice	3.5	2.0
Prescribed medication[c]	79.7	57.1

Note: FFS (fee-for-service). Data in this analysis are restricted to beneficiaries in FFS Medicare. “Dual-eligible beneficiaries” are defined as beneficiaries who were eligible for both Medicare and Medicaid for at least one month during the year. 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 due to omitted “other” category.
[a] Includes a variety of medical services, equipment, and supplies.
[b] Individual short-term facility (usually skilled nursing facility) stays for the MCBS population.
[c] Data from Medicare Advantage–Prescription Drug plans and stand-alone prescription drug plans.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, 2016.

- In 2016, average per capita Medicare FFS spending for dual-eligible beneficiaries was more than twice that for non-dual-eligible beneficiaries—$18,280 compared with $8,817.
- For each type of service, average Medicare FFS per capita spending was higher for dual-eligible beneficiaries than for non-dual-eligible beneficiaries.
- Higher average per capita FFS spending for dual-eligible beneficiaries is a function of higher use of these services by dual-eligible beneficiaries compared with their non-dual-eligible counterparts. Dual-eligible beneficiaries are more likely than non-dual-eligible beneficiaries to use each type of Medicare-covered service.

Chart 4-6. Both Medicare and total spending were concentrated among dual-eligible beneficiaries, 2016



Note: "Total spending" includes Medicare, Medicaid, supplemental insurance, and out-of-pocket spending. "Dual-eligible beneficiaries" are defined as beneficiaries who were eligible for both Medicare and Medicaid for at least one month during the year.

Source: MedPAC analysis of the Medicare Current Beneficiary Survey, 2016.

- Annual Medicare fee-for-service spending on dual-eligible beneficiaries is concentrated among a small number. The costliest 5 percent of dual-eligible beneficiaries accounted for 35 percent of Medicare spending and 26 percent of total spending on dual-eligible beneficiaries in 2016. In contrast, the least costly 50 percent of dual-eligible beneficiaries accounted for only 7 percent of Medicare spending and 19 percent of total spending on dual-eligible beneficiaries.

- On average, total spending (including Medicaid, Medigap, etc.) for dual-eligible beneficiaries in 2016 was about twice that for non-dual-eligible beneficiaries—$28,970 compared with $15,079, respectively (data not shown).