Primer: Medicare entitlement based on disability

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Disabled beneficiaries—an overview

- 9 million Medicare beneficiaries under age 65 are entitled based on disability
  - After 24 months of Social Security Disability Insurance (SSDI), automatically eligible for Medicare
- Growing share of the Medicare population
  - 10% in 1980 to 17% today
- Different demographic profile than aged beneficiaries
  - More likely to be non-white
  - More likely to be male
  - Just under half (43%) are dually-entitled to Medicaid
Social Security Disability Insurance: Overview

- Benefit available to insured workers
  - Sufficient work history
  - Cannot currently be working
- Average SSDI benefit: $12,000 a year
- Less than 10% of beneficiaries leaving SSDI in 2012 returned to work or medically recovered
- Program funded by payroll taxes
- Disability assessment is based on medical factors and ability to work
Social Security Disability Insurance: Disability determination

Is the individual working?

- Yes
  - Not entitled to SSDI

- No
  - Is the medical condition severe?
    - No
      - Not entitled to SSDI
    - Yes
      - Does it meet or equal a listing of impairments?
        - Yes
          - Entitled to SSDI
        - No
          - Can they do their old job or a new job?
            - Yes
              - Entitled to SSDI
            - No
              - Not entitled to SSDI

Source: Based on material from the Social Security Administration
Social Security Disability Insurance: Disabling condition

- Musculoskeletal system and connective tissue: 30%
- Mood disorders: 15%
- Other mental disorders: 17%
- Other (injuries, infectious disease, neoplasms): 11%
- All other body systems: 10%
- Nervous system and sense organs: 9%
- Circulatory system: 8%

Source: Social Security Administration, 2012
Rise in new SSDI beneficiaries

Source: Social Security Administration, 2012
Understanding the rise in SSDI enrollment

- Demographics
- Labor market for low-wage workers, including recent recession
- Policy changes and administrative procedure
  - 1984 reforms: consideration of multiple impairments, pain
- Changes in underlying disability among the working-age population does not appear to play a significant role
Social Security Disability Insurance: Policy considerations

- Groups have identified policy issues
  - Social Security Advisory Board, GAO, SSA IG, CBO, CRS, Federal Reserve, Institute of Medicine
- Policy issues
  - Administrative complexity of the disability determination process
  - Subjectivity of disability determination process and variable outcomes
  - Incentive to permanently exit the workforce, lack of supports to return to work
  - Financial outlook (current SSDI trust fund exhaustion date=2016)
Medicare: Disabled beneficiary overview

- Access to care
  - Disabled beneficiaries report higher rates of trouble accessing care, more likely to delay care due to cost
  - Differences appear to persist even when supplemental coverage is not a factor

- Presence of other coverage
  - Lower rates of private or employer supplemental coverage
  - Higher Medicaid coverage
  - 23% of beneficiaries age 45-64 have FFS Medicare only

- Spending
  - Total spending is similar
  - Different mix of services
Medicare: Per-beneficiary spending is comparable, but type of service varies

Note: Figure includes beneficiaries entitled based on ESRD
Source: Centers for Medicare and Medicaid Services, 2012
Medicare: Mental health services may raise special concerns

- Disabled beneficiaries report rates of depression that are twice as high as aged beneficiaries.
- Access to psychiatrists has been identified as a concern among beneficiaries.
  - Mental health services are also delivered by other providers—e.g., social workers, psychologists.
- Psychiatrists less likely to take all forms of insurance, including Medicare.
- In 2014, Medicare’s coinsurance for outpatient mental health services is 20%, down from 50% historically.
Summary

- Potential areas of future work
  - Disaggregating spending and utilization
  - Understanding the role of medical and vocational factors in disability determination
  - Mental health needs and utilization

- Implications for Medicare policy
  - Changing characteristics of disabled Medicare beneficiaries
  - Benefit redesign and payment policies