

### Primer: Medicare entitlement based on disability

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#### Disabled beneficiaries—an overview

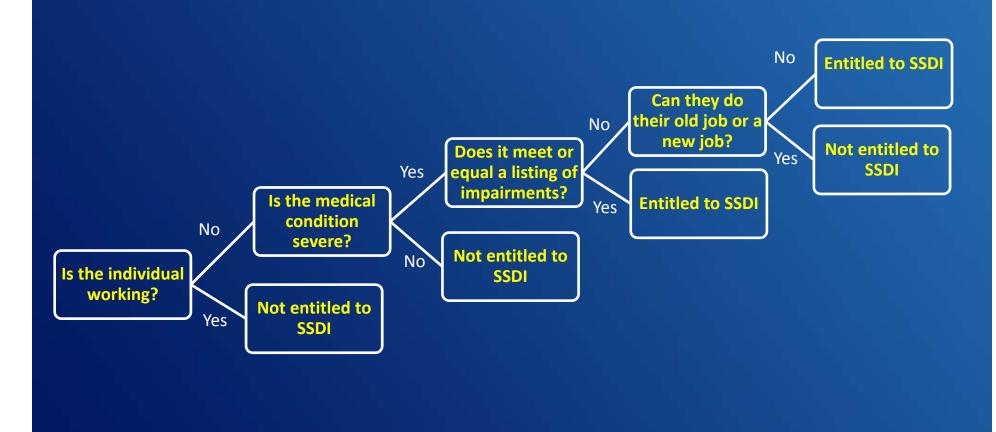
- 9 million Medicare beneficiaries under age 65 are entitled based on disability
  - After 24 months of Social Security Disability Insurance (SSDI), automatically eligible for Medicare
- Growing share of the Medicare population
  - 10% in 1980 to 17% today
- Different demographic profile than aged beneficiaries
  - 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

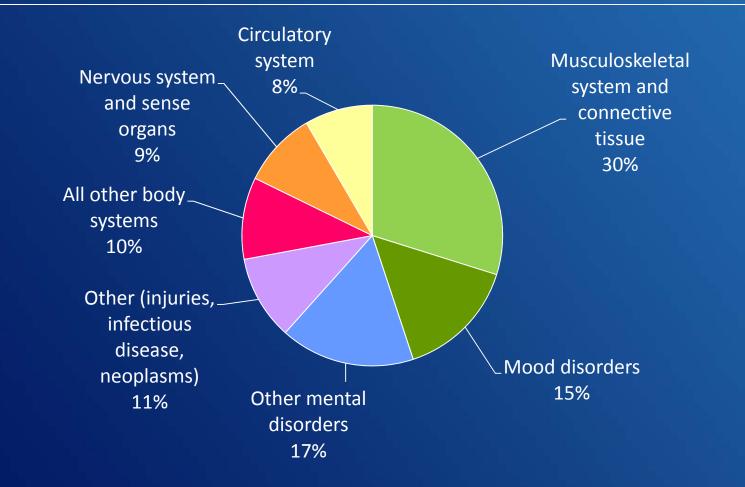
#### Social Security Disability Insurance: Disability determination



Source: Based on material from the Social Security Administration

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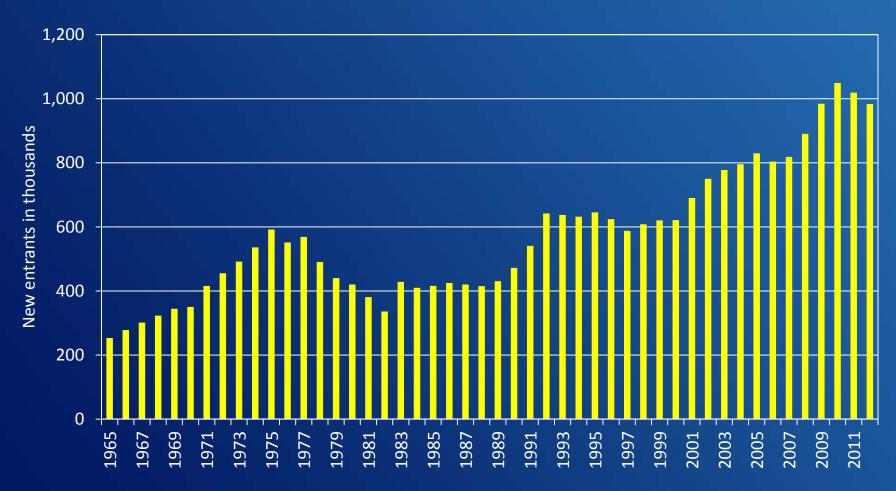
### Social Security Disability Insurance: Disabling condition



Source: Social Security Administration, 2012



#### Rise in new SSDI beneficiaries



Source: Social Security Administration, 2012

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## 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 workingage 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)

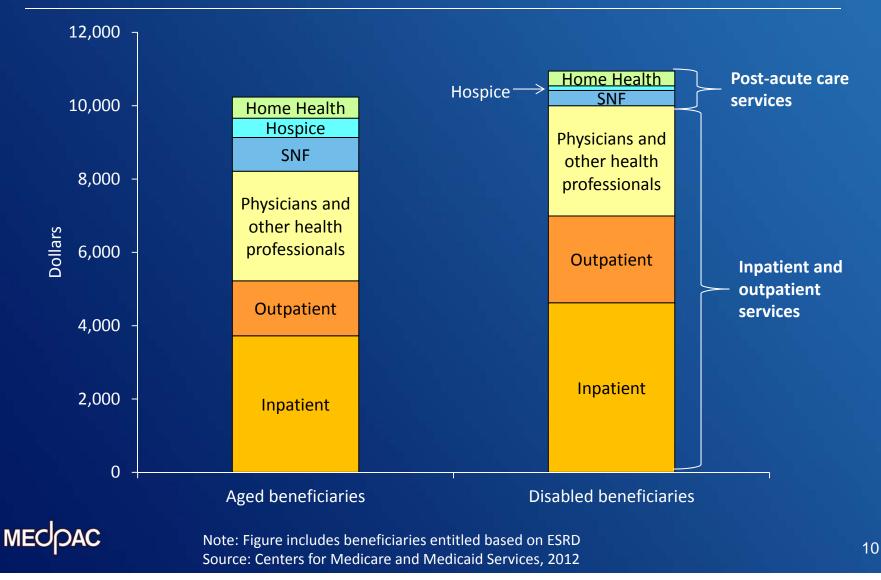


### Medicare: Disabled beneficiary overview

#### 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



### 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