



Center for
Policy and
Research

LOW-INCOME & MINORITY BENEFICIARIES IN
MEDICARE
ADVANTAGE PLANS

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LOW-INCOME AND MINORITY BENEFICIARIES IN MEDICARE ADVANTAGE PLANS, 2004

SUMMARY

New data from the Medicare Current Beneficiary Survey (MCBS) show that Medicare Advantage plans, Medicare's private comprehensive health plans, were a vital source of coverage for low-income beneficiaries in 2004. Here are some key findings:

- Of Medicare beneficiaries living in areas with at least one Medicare Advantage plan with annual incomes between \$10,000 and \$20,000 in 2004, 25 percent chose Medicare Advantage for comprehensive benefits; 21 percent had employer-based coverage; and 19 percent had Medigap supplemental coverage. Nineteen percent of Medicare beneficiaries in this income category had no supplemental coverage.
- Of Medicare beneficiaries with incomes between \$10,000 and \$20,000 who were not enrolled in Medicaid or employer-based coverage, 40 percent chose Medicare Advantage plans. (In this report, we use the label "active choosers" to refer to beneficiaries who do not have Medicaid or employer-based coverage and who live in areas with at least one Medicare Advantage plan.)
- The two main reasons that beneficiaries cited for choosing Medicare Advantage plans in 2004 were: (1) Lower costs (cited by 34 percent), and (2) Better benefits and coverage (cited by 21 percent) than fee-for-service Medicare.
- Forty-nine percent of Medicare Advantage enrollees in 2004 had incomes less than \$20,000.
- Sixty-eight percent of all minority (non-White) beneficiaries enrolled in Medicare Advantage in 2004 had incomes below \$20,000; 70 percent of African-American and Hispanic Medicare Advantage beneficiaries had incomes below \$20,000.

The statistics in this report were calculated from the publicly available 2004 MCBS Access to Care files. We analyzed a subset of records for non-institutionalized (aged and disabled) beneficiaries; for specific calculations, we selected records of beneficiaries living in areas with at least one Medicare Advantage plan. For beneficiaries in the Medicare Advantage and Medicaid categories, June 2004 was the point in time for which beneficiary records were selected for inclusion.

MEDICARE ADVANTAGE COVERAGE BY INCOME

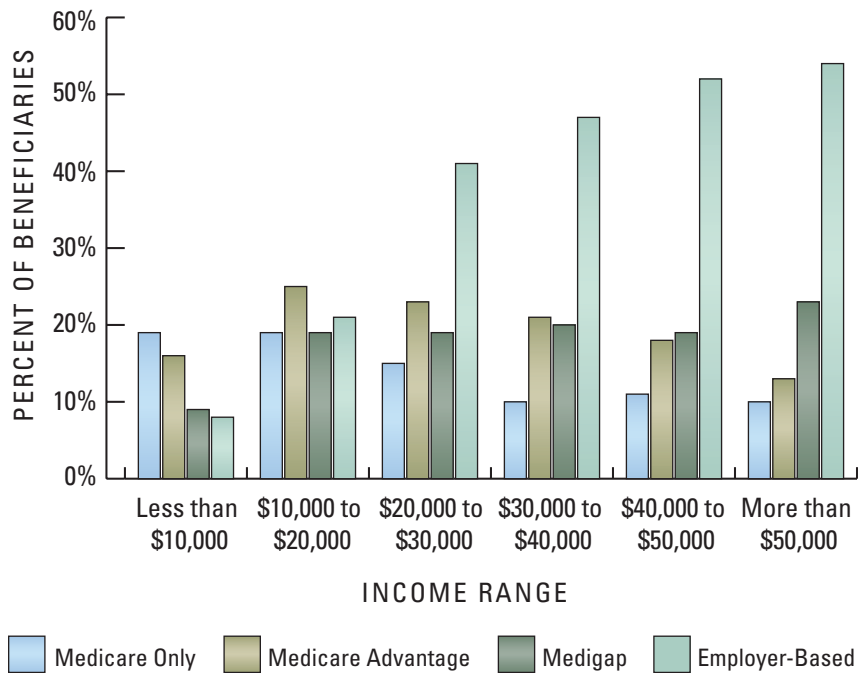
Nationwide, 13 percent of all non-institutionalized Medicare beneficiaries chose Medicare Advantage plans in 2004. However, for beneficiaries with annual incomes between \$10,000 and \$20,000, Medicare Advantage was the largest source of comprehensive coverage in areas with at least one Medicare Advantage plan (see Figure 1).

In 2004, 49 percent of Medicare Advantage enrollees had annual incomes of less than \$20,000; 33 percent had incomes between \$10,000 and \$20,000; and 16 percent had incomes below \$10,000.

Among Medicare beneficiaries with incomes between \$10,000 and \$20,000, 25 percent chose Medicare Advantage for comprehensive benefits, 21 percent had employer-based coverage, 19 percent had Medigap supplemental coverage, and 19 percent had no additional coverage (see Table 1).²

By contrast, Medicare beneficiaries with higher incomes were more likely to have employer-based supplemental coverage. For example, 41 percent of beneficiaries with incomes between \$20,000 and \$30,000 had employer-based coverage. The proportion rises to 54 percent for those with incomes above \$50,000.

FIGURE 1. Private Supplemental Coverage Of Medicare Beneficiaries, By Income Level (2004)



Source: Medicare Current Beneficiary Survey Access to Care files, 2004. (CMS)

Note: Calculations based on responses by non-institutionalized beneficiaries living in areas with at least one Medicare Advantage plan.

TABLE 1.
Income Range Of Medicare Beneficiaries Living In Areas With At Least One Medicare Advantage Plan, By Coverage Type (2004)

	All Income Ranges	Less than \$10,000	\$10,000 to \$20,000	\$20,000 to \$30,000	\$30,000 to \$40,000	\$40,000 to \$50,000	More than \$50,000
MEDICARE ADVANTAGE	20%	16%	25%	23%	21%	18%	13%
MEDICAID	12%	44%	13%	1%	1%	**	**
EMPLOYER-BASED	33%	8%	21%	41%	47%	52%	54%
MEDIGAP	18%	9%	19%	19%	20%	19%	23%
OTHER PUBLIC	1%	2%	3%	1%	**	0%	**
MEDICARE ONLY	16%	20%	19%	15%	10%	11%	10%
TOTAL	100%	100%	100%	100%	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

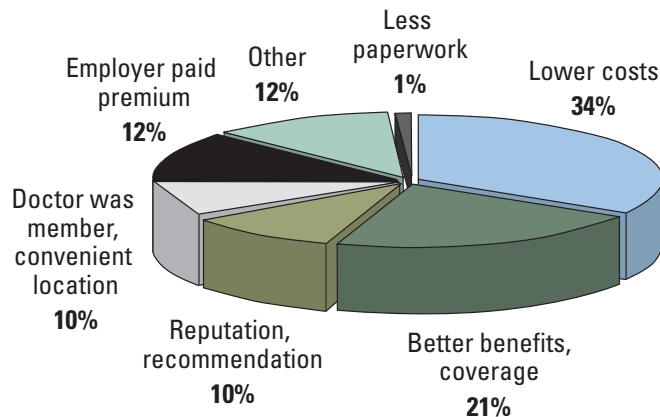
** Less than 1 percent

The percentages in this table may not sum to 100 due to rounding.

REASONS FOR CHOOSING MEDICARE ADVANTAGE COVERAGE

Most Medicare beneficiaries choosing Medicare Advantage coverage cited lower costs (34 percent) and better benefits and coverage (21 percent) than Medicare alone. Other reasons included: good recommendation and/or good reputation; having a doctor who participated in the plan; convenient location; having the Medicare Advantage premium paid by one’s employer; and having less paperwork than Medicare fee-for-service (see Figure 2). The reasons cited for choosing Medicare Advantage coverage were very similar to those cited in an earlier analysis performed by CMS based on the 2000 Medicare Current Beneficiary Survey.³

FIGURE 2.
Beneficiaries’ Reasons For Choosing Medicare Advantage (2004)



Source: Medicare Current Beneficiary Survey Access to Care files, 2004. (CMS)

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries.

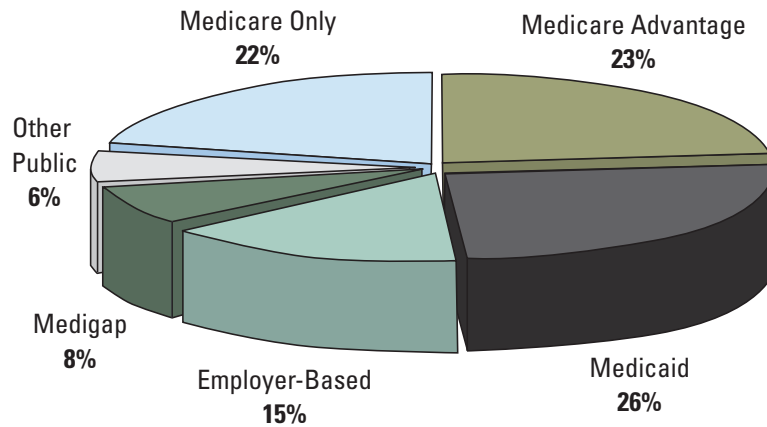
MINORITY BENEFICIARIES

Twenty-three percent of minority (non-White) Medicare beneficiaries with incomes between \$10,000 and \$20,000 were enrolled in Medicare Advantage plans in areas where at least one Medicare Advantage plan was offered. Twenty-six percent were enrolled in Medicaid, and smaller percentages had employer-based supplemental coverage (15 percent) and Medigap coverage (8 percent).⁴ Twenty-two percent of non-White Medicare beneficiaries in this income range had no supplemental coverage (see Figure 3).

Low-income minority beneficiaries are most likely to choose Medicare Advantage plans (see Figure 4).

- Among African-American beneficiaries enrolled in Medicare Advantage, 70 percent had incomes below \$20,000. Thirty-five percent of African-American Medicare Advantage enrollees had incomes between \$10,000 and \$20,000, and 35 percent had incomes under \$10,000.
- Among Asian beneficiaries enrolled in Medicare Advantage, 64 percent had incomes below \$20,000. Thirty-six percent of Asian Medicare Advantage enrollees had incomes between \$10,000 and \$20,000, and 28 percent had incomes under \$10,000.
- Among Hispanic beneficiaries enrolled in Medicare Advantage, 70 percent had incomes below \$20,000. Thirty-three percent of Hispanic Medicare Advantage enrollees had incomes between \$10,000 and \$20,000, and 37 percent had incomes under \$10,000.
- Among beneficiaries classified as other races enrolled in Medicare Advantage, 55 percent had incomes below \$20,000. Forty-four percent of Medicare Advantage enrollees classified as other races had incomes between \$10,000 and \$20,000, and 11 percent had incomes under \$10,000.
- Among White beneficiaries enrolled in Medicare Advantage, 45 percent had incomes below \$20,000. Thirty-three percent of White Medicare Advantage enrollees had incomes between \$10,000 and \$20,000, and 12 percent had incomes under \$10,000.

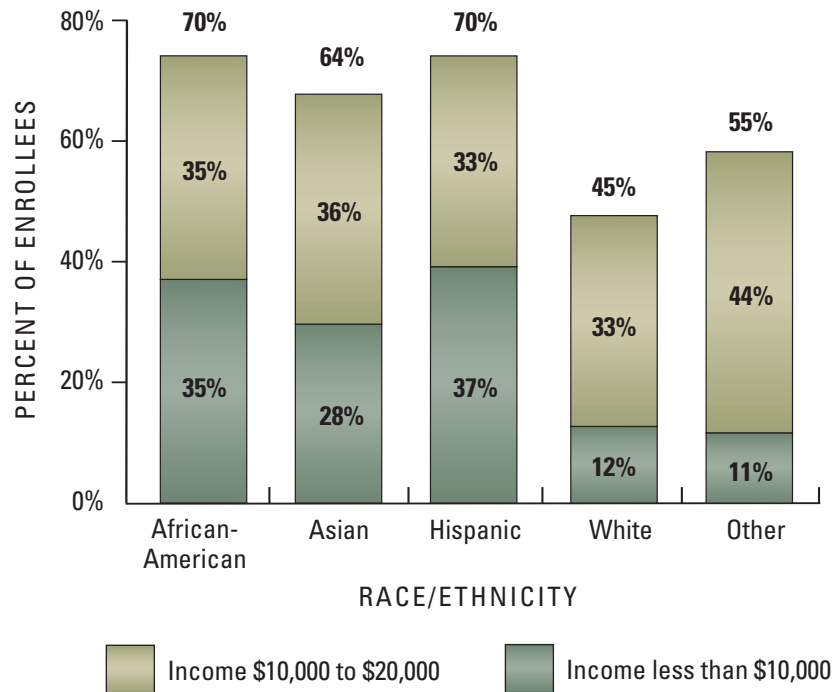
FIGURE 3.
Non-White Medicare Enrollees With Incomes Of \$10,000 To \$20,000,
By Coverage Type (2004)



Source: Medicare Current Beneficiary Survey Access to Care files, 2004. (CMS)

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

FIGURE 4.
 Medicare Advantage Enrollees With Annual Incomes Less Than \$20,000,
 By Race/Ethnicity (2004)



Source: Medicare Current Beneficiary Survey Access to Care files, 2004. (CMS)

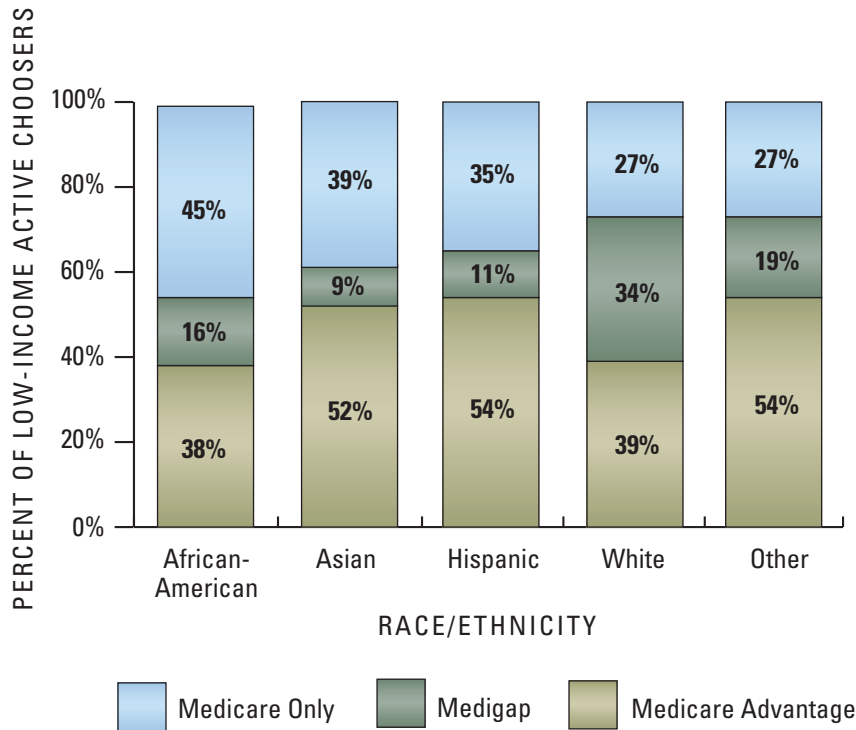
Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

“ACTIVE CHOOSER” MEDICARE BENEFICIARIES

Medicare beneficiaries who were living in areas with at least one Medicare Advantage plan and who did not have employer-based or Medicaid coverage in 2004 can be described as “active choosers.” These beneficiaries could choose either Medicare Advantage or a Medigap supplemental policy for their coverage, or they could choose Medicare alone. Of low-income active choosers with incomes between \$10,000 and \$20,000, 40 percent were enrolled in Medicare Advantage plans, 30 percent purchased Medigap policies, and 30 percent were covered by Medicare alone.

The number of active choosers who select Medicare Advantage plans differs among White and minority beneficiaries. Among African-American low-income active choosers, 38 percent were enrolled in Medicare Advantage plans, 16 percent purchased Medigap policies, and 45 percent were covered by Medicare alone. Fifty-four percent of Hispanic low-income active choosers were enrolled in Medicare Advantage plans; 11 percent purchased Medigap policies; and 35 percent were covered by Medicare alone. Among White low-income active choosers, 39 percent were enrolled in Medicare Advantage plans, 34 percent purchased Medigap policies, and 27 percent were covered by Medicare alone (see Figure 5).

FIGURE 5.
Coverage Type Of Low-Income (\$10,000 To \$20,000) Medicare Beneficiaries, Active Choosers, By Race/Ethnicity (2004)



Source: Medicare Current Beneficiary Survey Access to Care files, 2004. (CMS)

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

ADDITIONAL INFORMATION

This overview is based on a report by Karen Heath, Policy Analyst. The full report, including all tables and a description of methodology, is available at www.ahipresearch.org. The data cited in the report and overview provide an update to AHIP's 2005 publication, *Low-Income and Minority Beneficiaries in Medicare Advantage Plans, 2002*, authored by Teresa Chovan, Director, and Jeff Lemieux, Senior Vice President, of AHIP's Center for Policy and Research.

¹ Persons with both employer-based and Medigap coverage were categorized as having employer-based coverage.

² An additional 13 percent of beneficiaries in this income range had Medicaid coverage, and another 3 percent had coverage classified as "other public," which includes military or veterans' coverage. The percentages listed in this report may not always sum to 100 because for some statistics, this report does not display the information for Medicaid and the "other public" category and because we rounded to the nearest whole number.

³ CMS Office of Research, Development, and Information. Data from the Medicare Current Beneficiary Survey 2000 Access to Care files.

⁴ Minority (non-White) beneficiaries were defined using Medicare Current Beneficiary Survey data based on administrative records for the Medicare program. The non-White category is comprised of: Asian, African-American, Hispanic, North American Native, and Other Race/Ethnicity.

**APPENDIX A
TABLES**

**Table 1A.
Race/Ethnicity Of All Medicare Beneficiaries, By Income (2004)**

Income Range	Race / Ethnicity				
	African-American	Asian	Hispanic	White	Other
Less than \$10,000	42%	42%	50%	16%	31%
\$10,000 to \$20,000	30%	37%	31%	27%	29%
\$20,000 to \$30,000	14%	5%	12%	21%	16%
\$30,000 to \$40,000	6%	7%	3%	14%	8%
\$40,000 to \$50,000	3%	4%	2%	9%	6%
More than \$50,000	4%	5%	2%	13%	9%
TOTAL	100%	100%	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries.

The percentages in this table may not sum to 100 due to rounding.

Table 1A shows the percentage of all Medicare beneficiaries, by race and income range. For example, 42 percent of all Asian Medicare beneficiaries had incomes of less than \$10,000 in 2004, and 27 percent of all White Medicare beneficiaries had incomes between \$10,000 and \$20,000 in 2004.

**Table 2A.
Medicare Beneficiaries Living In Areas With At Least One Medicare Advantage Plan,
By Income and Race/Ethnicity (2004)**

Income Range	Race / Ethnicity					Total
	African-American	Asian	Hispanic	White	Other	
Less than \$10,000	4%	1%	2%	12%	1%	20%
\$10,000 to \$20,000	3%	1%	1%	22%	1%	27%
\$20,000 to \$30,000	2%	**	**	17%	**	20%
\$30,000 to \$40,000	1%	**	**	12%	**	13%
\$40,000 to \$50,000	**	**	**	7%	**	8%
More than \$50,000	1%	**	**	12%	**	12%
TOTAL	11%	2%	3%	82%	2%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

** Less than 1 percent

The percentages in this table may not sum to 100 due to rounding.

Table 2A shows the percentage of Medicare beneficiaries, by income and race/ethnicity, living in areas with at least one Medicare Advantage plan in 2004. For example, 4 percent of Medicare beneficiaries living in areas with at least one Medicare Advantage plan in 2004 were African-American and had incomes less than \$10,000.

Table 3A.
Income Levels Of All Medicare Beneficiaries, By Coverage Type (2004)

Coverage Type	Income Range					
	Less than \$10,000	\$10,000 to \$20,000	\$20,000 to \$30,000	\$30,000 to \$40,000	\$40,000 to \$50,000	More than \$50,000
MEDICARE ADVANTAGE	10%	16%	15%	14%	12%	9%
MEDICAID	48%	13%	1%	1%	**	**
EMPLOYER-BASED	8%	22%	43%	49%	54%	56%
MEDIGAP	11%	25%	24%	24%	23%	26%
OTHER PUBLIC	2%	3%	1%	1%	**	**
MEDICARE ONLY	20%	21%	16%	11%	11%	9%
TOTAL	100%	100%	100%	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries.

** Less than 1 percent

The percentages in this table may not sum to 100 due to rounding.

Table 3A shows the income levels of Medicare beneficiaries by type of supplemental coverage. For example, 16 percent of Medicare beneficiaries with incomes between \$10,000 and \$20,000 in 2004 had Medicare Advantage plans.

Table 4A.
Income Levels Of Medicare Beneficiaries Living In Areas With At Least One Medicare Advantage Plan, By Coverage Type (2004)

Coverage Type	Income Range					
	Less than \$10,000	\$10,000 to \$20,000	\$20,000 to \$30,000	\$30,000 to \$40,000	\$40,000 to \$50,000	More than \$50,000
MEDICARE ADVANTAGE	16%	25%	23%	21%	18%	13%
MEDICAID	44%	13%	1%	1%	**	**
EMPLOYER-BASED	8%	21%	41%	47%	52%	54%
MEDIGAP	9%	19%	19%	20%	19%	23%
OTHER PUBLIC	2%	3%	1%	**	0%	**
MEDICARE ONLY	20%	19%	15%	10%	11%	10%
TOTAL	100%	100%	100%	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

** Less than 1 percent

The percentages in this table may not sum to 100 due to rounding.

Table 4A shows the income levels of Medicare beneficiaries, by type of supplemental coverage, who lived in areas with at least one Medicare Advantage plan in 2004. For example, 25 percent of Medicare beneficiaries with incomes between \$10,000 and \$20,000 who lived in areas with at least one Medicare Advantage plan in 2004 were enrolled in Medicare Advantage plans.

**Table 5A.
Race/Ethnicity Of All Medicare Beneficiaries, By Coverage Type (2004)**

Coverage Type	Race / Ethnicity				
	African-American	Asian	Hispanic	White	Other
MEDICARE ADVANTAGE	13%	14%	25%	13%	16%
MEDICAID	30%	58%	34%	10%	23%
EMPLOYER-BASED	24%	14%	11%	36%	20%
MEDIGAP	8%	4%	4%	25%	16%
OTHER PUBLIC	2%	1%	3%	1%	6%
MEDICARE ONLY	24%	8%	25%	16%	20%
Total	100%	100%	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries.

The percentages in this table may not sum to 100 due to rounding.

Table 5A shows the race/ethnicity of all Medicare beneficiaries by supplemental coverage type. For example, 25 percent of Hispanic Medicare beneficiaries were enrolled in Medicare Advantage plans in 2004.

Table 6A.
Race/Ethnicity Of Medicare Beneficiaries Living In Areas With At Least One Medicare Advantage Plan, By Coverage Type (2004)

Coverage Type	Race / Ethnicity				
	African-American	Asian	Hispanic	White	Other
MEDICARE ADVANTAGE	19%	15%	27%	20%	23%
MEDICAID	25%	60%	32%	8%	24%
EMPLOYER-BASED	25%	12%	10%	35%	16%
MEDIGAP	7%	3%	4%	20%	16%
OTHER PUBLIC	3%	1%	3%	1%	5%
MEDICARE ONLY	21%	8%	24%	15%	16%
Total	100%	100%	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

The percentages in this table may not sum to 100 due to rounding.

Table 6A shows the race/ethnicity of all Medicare beneficiaries, by supplemental coverage type, who lived in areas with at least one Medicare Advantage plan in 2004. For example, 19 percent of African-American beneficiaries who lived in areas with at least one Medicare Advantage plan in 2004 were enrolled in Medicare Advantage plans.

**Table 7A.
Coverage Types Of Medicare Beneficiaries Living In Areas With At Least One Medicare Advantage Plan, by
Income (2004)**

Coverage Type	Income Range						Total
	Less than \$10,000	\$10,000 to \$20,000	\$20,000 to \$30,000	\$30,000 to \$40,000	\$40,000 to \$50,000	More than \$50,000	
All Medicare Beneficiaries	20%	27%	20%	13%	8%	12%	100%
MEDICARE ADVANTAGE	16%	33%	22%	14%	7%	8%	100%
MEDICAID	69%	28%	2%	1%	**	**	100%
EMPLOYER-BASED	5%	18%	25%	19%	13%	21%	100%
MEDIGAP	10%	29%	21%	15%	8%	16%	100%
OTHER PUBLIC	27%	56%	12%	4%	0%	1%	100%
MEDICARE ONLY	25%	33%	19%	9%	6%	8%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

** Less than 1 percent

The percentages in this table may not sum to 100 due to rounding

Table 7A shows the percentage of Medicare beneficiaries, by income range, with each supplemental coverage type. Calculations are based on responses by Medicare beneficiaries living in areas with at least one Medicare Advantage plan. For example, 33 percent of these Medicare beneficiaries who were enrolled in Medicare Advantage plans in 2004 had incomes between \$10,000 and \$20,000.

Table 8A.
Coverage Types Of Medicare Beneficiaries Living In Areas With At Least One Medicare Advantage Plan, By Race/Ethnicity (2004)

Coverage Type	Race / Ethnicity					Total
	African-American	Asian	Hispanic	White	Other	
All Medicare Beneficiaries	11%	2%	3%	82%	2%	100%
MEDICARE ADVANTAGE	10%	1%	4%	82%	2%	100%
MEDICAID	22%	9%	9%	56%	3%	100%
EMPLOYER-BASED	8%	1%	1%	89%	1%	100%
MEDIGAP	5%	**	1%	93%	1%	100%
OTHER PUBLIC	18%	1%	7%	69%	6%	100%
MEDICARE ONLY	15%	1%	5%	77%	2%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

** Less than 1 percent

The percentages in this table may not sum to 100 due to rounding.

Table 8A shows the percentage of Medicare beneficiaries, by race/ethnicity, with each supplemental coverage type. Calculations are based on responses by Medicare beneficiaries living in areas with at least one Medicare Advantage plan who also reported income information. For example, 10 percent of Medicare beneficiaries enrolled in Medicare Advantage plans in 2004 was African-American.

**Table 9A.
Medicare Beneficiaries With Medicare Advantage Coverage Living In Areas With At Least One Medicare Advantage Plan, By Race and Income (2004)**

Income Range	Race / Ethnicity					Total
	African-American	Asian	Hispanic	White	Other	
Less than \$10,000	4%	**	2%	10%	**	16%
\$10,000 to \$20,000	4%	1%	1%	27%	1%	33%
\$20,000 to \$30,000	2%	**	1%	19%	**	22%
\$30,000 to \$40,000	1%	**	**	12%	**	14%
\$40,000 to \$50,000	**	0%	**	6%	**	7%
More than \$50,000	**	**	**	7%	**	8%
Total	10%	1%	4%	82%	2%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

** Less than 1 percent

The percentages in this table may not sum to 100 due to rounding.

Table 9A shows the income and race/ethnicity categories of Medicare beneficiaries enrolled in Medicare Advantage plans. Calculations are based on responses by Medicare beneficiaries living in areas with at least one Medicare Advantage plan. For example, 27 percent of Medicare beneficiaries enrolled in Medicare Advantage plans in 2004 were White and had incomes between \$10,000 and \$20,000.

Table 10A.
Medicare Beneficiaries With Medicaid Supplemental Coverage Living In Areas With At Least One Medicare Advantage Plan, By Race and Income (2004)

Income Range	Race / Ethnicity					Total
	African-American	Asian	Hispanic	White	Other	
Less than \$10,000	17%	5%	6%	39%	2%	69%
\$10,000 to \$20,000	5%	4%	2%	16%	1%	28%
\$20,000 to \$30,000	1%	**	**	1%	0%	2%
\$30,000 to \$40,000	**	0%	**	**	0%	**
\$40,000 to \$50,000	0%	0%	**	**	0%	**
More than \$50,000	0%	0%	**	**	0%	**
Total	22%	9%	9%	56%	3%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

** Less than 1 percent

The percentages in this table may not sum to 100 due to rounding.

Table 10A shows the income and race/ethnicity categories of Medicare beneficiaries with Medicaid supplemental coverage. Calculations are based on responses by Medicare beneficiaries living in areas with at least one Medicare Advantage plan. For example, 39 percent of Medicare beneficiaries who had Medicaid supplemental coverage and lived in areas with at least one Medicare Advantage plan in 2004 were White and earned less than \$10,000.

Table 11A.
Medicare Beneficiaries With Employer-Based Supplemental Coverage Living In Areas With At Least One Medicare Advantage Plan, By Race and Income (2004)

Income Range	Race / Ethnicity					Total
	African-American	Asian	Hispanic	White	Other	
Less than \$10,000	1%	0%	**	4%	**	5%
\$10,000 to \$20,000	2%	**	**	15%	**	18%
\$20,000 to \$30,000	2%	**	**	22%	**	25%
\$30,000 to \$40,000	1%	**	**	17%	**	19%
\$40,000 to \$50,000	1%	**	**	12%	**	13%
More than \$50,000	1%	**	**	19%	**	21%
Total	8%	1%	1%	89%	1%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

** Less than 1 percent

The percentages in this table may not sum to 100 due to rounding.

Table 11A shows the income and race/ethnicity categories of Medicare beneficiaries with employer-based supplemental coverage. Calculations are based on responses by Medicare beneficiaries living in areas with at least one Medicare Advantage plan. For example, 2 percent of Medicare beneficiaries with employer-based supplemental coverage who lived in areas with at least one Medicare Advantage plan in 2004 were African-American and had incomes between \$10,000 and \$20,000.

Table 12A.
Medicare Beneficiaries With Medigap Supplemental Coverage Living In Areas With At Least One Medicare Advantage Plan, By Race and Income (2004)

Income Range	Race / Ethnicity					Total
	African-American	Asian	Hispanic	White	Other	
Less than \$10,000	1%	**	**	9%	**	10%
\$10,000 to \$20,000	2%	**	**	27%	**	29%
\$20,000 to \$30,000	1%	**	**	20%	**	22%
\$30,000 to \$40,000	**	**	**	14%	**	15%
\$40,000 to \$50,000	**	0%	0%	8%	**	9%
More than \$50,000	**	0%	0%	15%	**	16%
Total	5%	**	1%	93%	1%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

** Less than 1 percent

The percentages in this table may not sum to 100 due to rounding.

Table 12A shows the income and race/ethnicity categories of Medicare beneficiaries with Medigap supplemental coverage. Calculations are based on responses by Medicare beneficiaries living in areas with at least one Medicare Advantage plan. For example, 27 percent of Medicare beneficiaries with Medigap supplemental coverage who lived in areas with at least one Medicare Advantage plan in 2004 were White and had incomes between \$10,000 and \$20,000.

Table 13A.
Medicare Beneficiaries With Other Public Supplemental Coverage Living In Areas With At Least One Medicare Advantage Plan, By Race and Income (2004)

Income Range	Race / Ethnicity					Total
	African-American	Asian	Hispanic	White	Other	
Less than \$10,000	4%	1%	1%	18%	3%	27%
\$10,000 to \$20,000	14%	0%	6%	36%	1%	56%
\$20,000 to \$30,000	0%	0%	0%	10%	2%	12%
\$30,000 to \$40,000	0%	0%	0%	4%	0%	4%
\$40,000 to \$50,000	0%	0%	0%	0%	0%	**
More than \$50,000	0%	0%	0%	1%	0%	1%
Total	18%	1%	7%	69%	6%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

** Less than 1 percent

The percentages in this table may not sum to 100 due to rounding.

Table 13A shows the income and race/ethnicity categories of Medicare beneficiaries with other public supplemental coverage (e.g. TRICARE, veterans' benefits). Calculations are based on responses by Medicare beneficiaries living in areas with at least one Medicare Advantage plan. For example, 14 percent of Medicare beneficiaries with other public supplemental coverage who lived in areas with at least one Medicare Advantage plan in 2004 were African-American and had incomes between \$10,000 and \$20,000.

Table 14A.
Medicare Beneficiaries With Medicare Only Living In Areas With At Least One Medicare Advantage Plan, By Race and Income (2004)

Income Range	Race / Ethnicity					Total
	African-American	Asian	Hispanic	White	Other	
Less than \$10,000	6%	**	3%	15%	1%	25%
\$10,000 to \$20,000	6%	1%	1%	25%	1%	33%
\$20,000 to \$30,000	2%	**	1%	16%	**	19%
\$30,000 to \$40,000	1%	**	**	8%	0%	9%
\$40,000 to \$50,000	**	0%	**	5%	**	6%
More than \$50,000	**	**	**	8%	0%	8%
Total	15%	1%	5%	77%	2%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan.

** Less than 1 percent

The percentages in this table may not sum to 100 due to rounding.

Table 14A shows the income and race/ethnicity categories of Medicare beneficiaries with Medicare only. Calculations are based on responses by Medicare beneficiaries living in areas with at least one Medicare Advantage plan. For example, 6 percent of Medicare beneficiaries without supplemental coverage who lived in areas with at least one Medicare Advantage plan in 2004 were African-American and earned less than \$10,000.

Table 15A.
United States - Active Choosers (2004)

	Medicare Only	Medicare Advantage	Medigap
<u>All</u>	29%	37%	34%
<u>Race/Ethnicity</u>			
African-American	44%	40%	15%
Asian	31%	56%	13%
Hispanic	44%	49%	7%
White	27%	36%	37%
Other	29%	42%	29%
<u>Education</u>			
Less Than High School	34%	40%	26%
High School	26%	38%	36%
Some College / College Degree	28%	35%	37%
<u>Income Range</u>			
Less than \$10,000	43%	36%	21%
\$10,000 to \$20,000	30%	40%	30%
\$20,000 to \$30,000	26%	40%	34%
\$30,000 to \$40,000	20%	41%	39%
\$40,000 to \$50,000	23%	37%	39%
More than \$50,000	22%	28%	50%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan. The percentages in this table may not sum to 100 due to rounding.

“Active choosers” are Medicare beneficiaries who do not have employer-based coverage, do not qualify for Medicaid, and live in areas with at least one Medicare Advantage plan. These beneficiaries can choose among Medicare Advantage, Medigap, or Medicare alone.

Table 15A shows the coverage choices made by “active choosers” by race/ethnicity, education, and income range. For example, 37 percent of all active choosers were enrolled in Medicare Advantage plans in 2004 and 49 percent of Hispanic active choosers were enrolled in Medicare Advantage plans in 2004.

Table 16A.
United States – Active Choosers With Incomes Between \$10,000 and \$20,000 (2004)

	<u>Medicare Only</u>	<u>Medicare Advantage</u>	<u>Medigap</u>
<u>All</u>	30%	40%	30%
<u>Race/Ethnicity</u>			
African-American	45%	38%	16%
Asian	39%	52%	9%
Hispanic	35%	54%	11%
White	27%	39%	34%
Other	27%	54%	19%
<u>Education</u>			
Less Than High School	28%	43%	30%
High School	27%	40%	32%
Some College / College Degree	34%	37%	29%

Source: Medicare Current Beneficiary Survey Access to Care files, 2004 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries living in areas with at least one Medicare Advantage plan. The percentages in this table may not sum to 100 due to rounding.

“Active choosers” are Medicare beneficiaries who do not have employer-based coverage, do not qualify for Medicaid, and live in areas with at least one Medicare Advantage plan. These beneficiaries can choose among Medicare Advantage, Medigap, or Medicare alone.

Table 16A shows the coverage choices made by “active choosers” with incomes between \$10,000 and \$20,000, by race/ethnicity and education. For example, 40 percent of all active choosers with incomes between \$10,000 and \$20,000 were enrolled in Medicare Advantage plans in 2004, and 54 percent of Hispanic active choosers with incomes between \$10,000 and \$20,000 were enrolled in Medicare Advantage plans in 2004.

APPENDIX B METHODOLOGY

This study's purpose was two-fold: (1) to describe the characteristics of Medicare beneficiaries enrolled in Medicare Advantage plans; and (2) to compare the characteristics of Medicare Advantage enrollees to those of Medicare beneficiaries with other types of supplemental coverage or no supplemental coverage. We describe Medicare beneficiaries by income range and race/ethnicity.

Data for this study came from the 2004 Medicare Current Beneficiary Survey (MCBS), Access to Care files, Centers for Medicare & Medicaid Services (CMS).

We selected a subset of the data, which included records of beneficiaries who were not institutionalized. For specific calculations, we selected beneficiaries who lived in areas with at least one Medicare Advantage plan.

Each beneficiary record in the subset was categorized according to a hierarchy of six coverage types as follows:

1. Enrolled in Medicare Advantage
2. Enrolled in Medicaid
3. Has employer-based insurance, or employer-based insurance and self-purchased insurance (Medigap)
4. Has self-purchased insurance (Medigap) only
5. Has other public coverage
6. Medicare only (Medicare fee-for-service only)

For example, the first coverage type included beneficiaries with Medicare Advantage; the second coverage type included beneficiaries with Medicaid, excluding beneficiaries who were also enrolled in Medicare Advantage, and so on. For beneficiaries categorized in the Medicare Advantage and Medicaid categories, June 2004 was the point in time for which beneficiary records were selected for inclusion. It is worth noting that interviews for the Access to Care Files occur once a year, while the MCBS Cost and Use Files are based on responses to interviews that are conducted three times annually. Hence, the MCBS Access to Care Files are more likely to be influenced by beneficiaries' gaps in coverage, and would therefore tend to show fewer beneficiaries with supplemental coverage than the MCBS Cost and Use Files.

Category 3 includes beneficiaries with employer-based supplemental coverage and those with both employer-based coverage and Medigap plans. Category 4 contains beneficiaries with Medigap only. The "other public coverage" category (category 5) contains beneficiaries with supplemental health benefits through military or veterans' coverage. Beneficiaries in category 6 were found to have Medicare fee-for-service only, with no supplemental coverage.

The study also included an analysis of Medicare beneficiaries across the U.S. who did not have employer-based coverage, did not qualify for Medicaid, and resided in areas with at least one Medicare Advantage plan. These beneficiaries, called “active choosers,” essentially had a clear choice among Medicare Advantage, Medigap, or no supplemental coverage. We analyzed active choosers’ selections of Medicare supplemental coverage by race/ethnicity, educational level, and income range.

The six race/ethnicity descriptions of beneficiaries provided in the MCBS dataset were re-grouped into five categories. The other category is comprised of individuals who were identified via administrative records as being North American Natives or those designated as “Other”.

As a general rule, all records in the MCBS dataset containing data values such as “unknown” or “refused” were dropped from the respective analyses.

For table 8A, a subset of Medicare beneficiaries living in areas with at least one Medicare Advantage plan who also reported income information was chosen in order to be consistent with those beneficiaries who are reflected in tables 9A through 14A, which show beneficiaries by race/ethnicity, coverage type and income range.



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America's Health Insurance Plans
601 Pennsylvania Ave., NW
Suite 500
Washington, DC 20004

202.778.3200
www.ahipResearch.org
Research@ahip.org