

Summary: Low-Income and Rural Beneficiaries with Medigap Coverage, 2002

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Medigap supplemental coverage has long helped Medicare beneficiaries fill in gaps in their benefits. While policymakers focus on implementing the new Medicare drug benefit, recently released data from the Medicare Current Beneficiary Survey serve as a reminder of the critical role played by Medigap coverage.

Medigap is particularly important to low- and moderate-income beneficiaries, especially those living in rural areas. Here are some highlights from the latest survey data, which is from 2002:

- Thirty-two percent of Medigap policyholders resided in a rural area in 2002; by comparison, only 24 percent of all Medicare beneficiaries resided in a rural area.
- More than half (53 percent) of rural Medigap policyholders had incomes under \$20,000 in 2002, and 45 percent of all Medigap policyholders (living in rural or metropolitan areas) had incomes under \$20,000. Three-quarters of rural Medigap policyholders and over two-thirds of all Medigap policyholders had incomes below \$30,000.
- The highest proportion of Medigap policyholders (33 percent) had incomes ranging from \$10,000 to \$20,000. Thirty-eight percent of Medigap policyholders in rural areas were in this income bracket.
- Medigap policyholders reported similar rates of particular chronic diseases -- diabetes, arthritis, and chronic lung disease -- to those of beneficiaries with Medicare Advantage plans, employer-based supplemental coverage, or Medicare alone.
- Medicare beneficiaries with some form of private coverage -- including Medigap, Medicare Advantage, or employer-based plans -- reported better health status and received more preventive care than those with Medicare alone.

In general, the statistics in this report are calculated from records on non-institutionalized (aged and disabled) Medicare beneficiaries. Persons with both employer-based and Medigap coverage were categorized as having employer-based coverage.

Income Range of Medicare Beneficiaries By Coverage Type (2002)

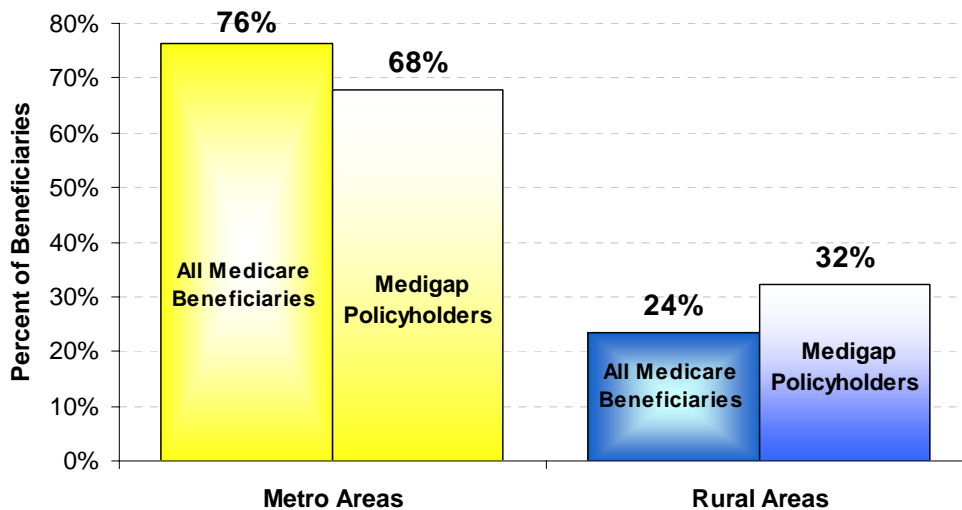
Coverage Type	Income Range					
	\$10,000 or <u>Less</u>	\$10,000 to <u>\$20,000</u>	\$20,000 to <u>\$30,000</u>	\$30,000 to <u>\$40,000</u>	\$40,000 to <u>\$50,000</u>	More than <u>\$50,000</u>
Medigap	13%	27%	26%	23%	23%	25%
Medicaid	46%	10%	1%	**	**	**
Employer-Based	8%	24%	41%	49%	52%	55%
Medicare Advantage	10%	17%	16%	14%	13%	9%
Other Public	2%	3%	2%	1%	1%	1%
Medicare Only	21%	20%	14%	13%	11%	10%
Total	100%	100%	100%	100%	100%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Note: Calculations based on non-institutionalized Medicare beneficiaries.

** Less than 1 percent.

Medicare Beneficiaries, By Area of Residence (2002)



Source: Medicare Current Beneficiary Survey Access to Care files, 2002 (CMS).

Note: Calculations based on non-institutionalized Medicare beneficiaries.