



# Beneficiaries with Medigap Coverage, 2013

JANUARY 2016

## Beneficiaries with Medigap Coverage, 2013

### KEY TAKEAWAYS

**48%**  
had Medigap

Forty-eight (48) percent of all non-institutionalized Medicare beneficiaries without any additional insurance coverage (such as Medicare Advantage, Medicaid, Veteran Affairs coverage, or employer-sponsored insurance) had Medigap policies in 2013.

**58%**   
were women

Fifty-eight (58) percent of Medigap policyholders in 2013 were women.

**75**-years-old  
or older 

Medigap serves an older population of Medicare beneficiaries: 45 percent of Medigap policyholders were 75-years-old or older compared to only 38 percent for all Medicare beneficiaries.

annual incomes below

 **\$30,000**

Medigap was an important source of health coverage for Medicare beneficiaries with limited financial resources: in 2013, 39 percent of Medigap enrollees had annual incomes below \$30,000; that percentage increased to 46 percent in rural area.

### Summary

Medicare supplemental (Medigap) coverage helps fill gaps in their Medicare Fee-For-Service (FFS) benefits. Medigap coverage works in tandem with Medicare FFS, allowing seniors to budget for medical costs and avoid the inconvenience of handling complex bills from health care providers. According to the National Association of Insurance Commissioners (NAIC), 10.6 million people had Medigap coverage in 2013.<sup>1</sup>

The most recent data released from the 2013 Medicare Current Beneficiary Survey (MCBS) demonstrates that Medigap continues to be a critical coverage option for low and moderate-income beneficiaries, especially those living in rural areas. Key findings from the study are below:

- Nationwide, MCBS estimates show that 48 percent of all non-institutionalized Medicare beneficiaries without any additional insurance coverage (such as Medicare Advantage, Medicaid, Veteran Affairs coverage, or employer-sponsored insurance) had Medigap policies in 2013.
- Fifty-eight (58) percent of Medigap policyholders were women.

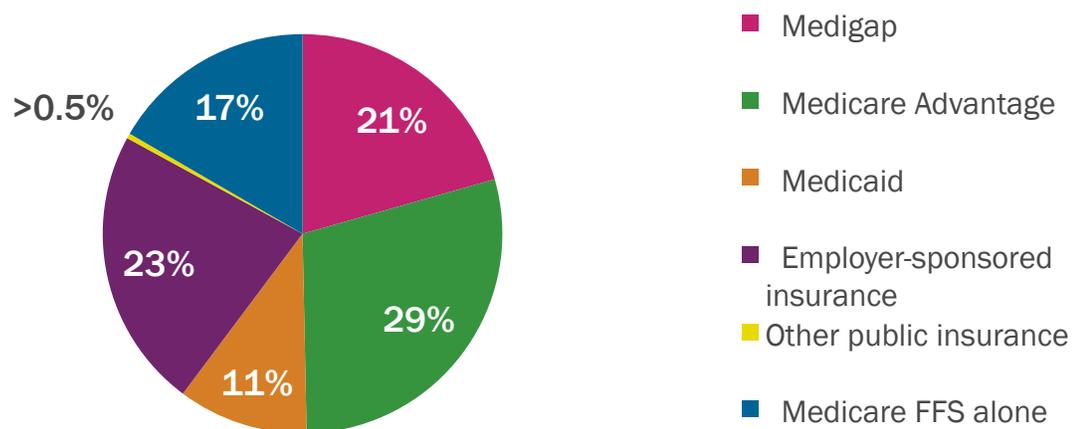
## Beneficiaries with Medigap Coverage, 2013

- Medigap serves an older population of Medicare beneficiaries: 45 percent of Medigap policyholders were 75-years-old or older compared to only 38 percent for all Medicare beneficiaries.
- Medigap was an important source of health coverage for Medicare beneficiaries of all income ranges. Notably, in 2013, 39 percent of Medigap enrollees had annual incomes below \$30,000; that percentage increased to 46 percent in rural areas.

As with prior reports, the statistics in this report were calculated from the MCBS Access to Care files. We analyzed a subset of records for non-institutionalized (aged and disabled) beneficiaries eligible for Medicare starting January 1, 2013. All of the statistics include data on Medicare beneficiaries in 50 states, the District of Columbia and Puerto Rico. We defined “rural” and “urban” areas according to the Office of Management and Budget (OMB) classification system.

### Twenty-One Percent Of Medicare Beneficiaries Had A Medigap Policy In 2013

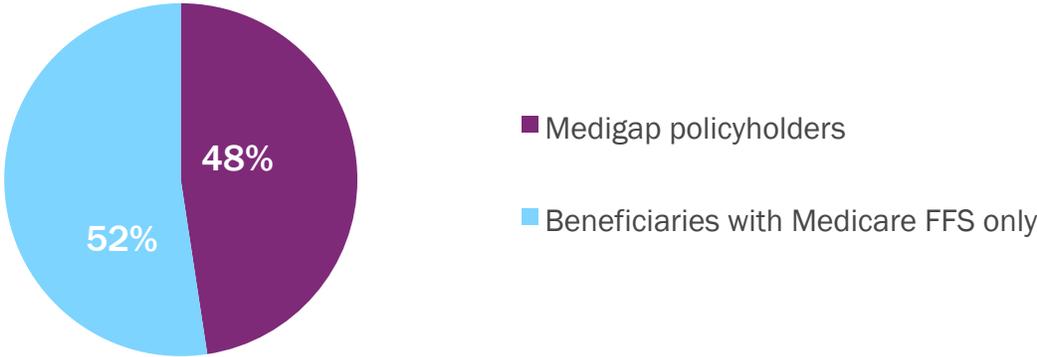
**Figure 1: Distribution of Medicare Beneficiaries by Coverage Type, 2013**



Nationwide, MCBS estimates show that 48 percent of all non-institutionalized Medicare beneficiaries without any additional insurance coverage (i.e., Medicare Advantage, Medicaid, Veterans Affairs coverage, or employer-sponsored insurance) had Medigap policies in 2013.

# Beneficiaries with Medigap Coverage, 2013

**Figure 2: Medicare Beneficiaries Without Any Additional Insurance Coverage That Have Medigap Coverage, 2013**

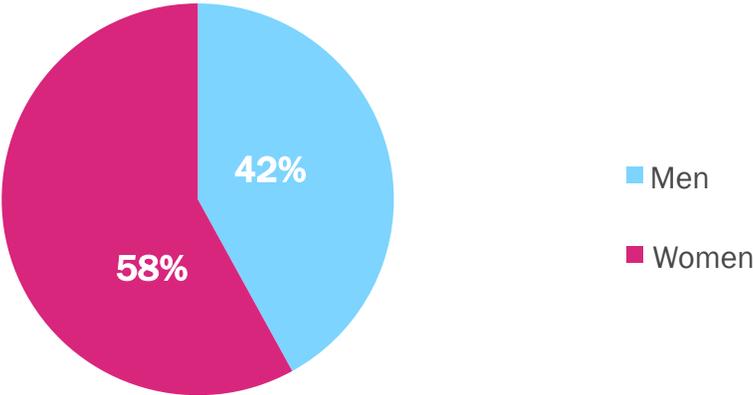


## Demographic Characteristics Of Medigap Beneficiaries

### Gender

Across the country, a majority – 58 percent – of Medigap beneficiaries in 2013 were women. This gender distribution was true for both urban (58 percent) and rural areas (57 percent) (see Table 1)

**Figure 3: Medigap Policyholders, by Gender, 2013**



## Beneficiaries with Medigap Coverage, 2013

**Table 1: Gender Distribution of Medigap Policyholders, by Geographic Location, 2013**

Geographic Location	Gender Distribution		
	Men	Women	Total
All Medigap Policyholders	42%	58%	100%
Urban Policyholders	42%	58%	100%
Rural Policyholders	43%	57%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2013 (CMS).

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

### Age

While Medigap serves all ages of Medicare beneficiaries, the most common age group includes 65- to 74-year olds (50 percent). In addition, Medigap serves a relatively older population compared to traditional FFS Medicare: 45 percent of Medigap policyholders were 75 years old or older compared to only 38 percent for all Medicare beneficiaries (see Table 2).

**Table 2: Age Distribution of Medigap Policyholders, by Geographic Location, 2013**

	Age Group				Total
	Younger Than 65 Years	65-74 Years	75-84 Years	85 Years and Older	
All Medicare	17%	46%	27%	11%	100%
All Medigap	4%	50%	32%	13%	100%
Urban Medigap	4%	50%	32%	14%	100%
Rural Medigap	4%	50%	33%	13%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2013 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries reporting age. The percentages in this table may not sum to 100 percent due to rounding.

## Beneficiaries with Medigap Coverage, 2013

### Income

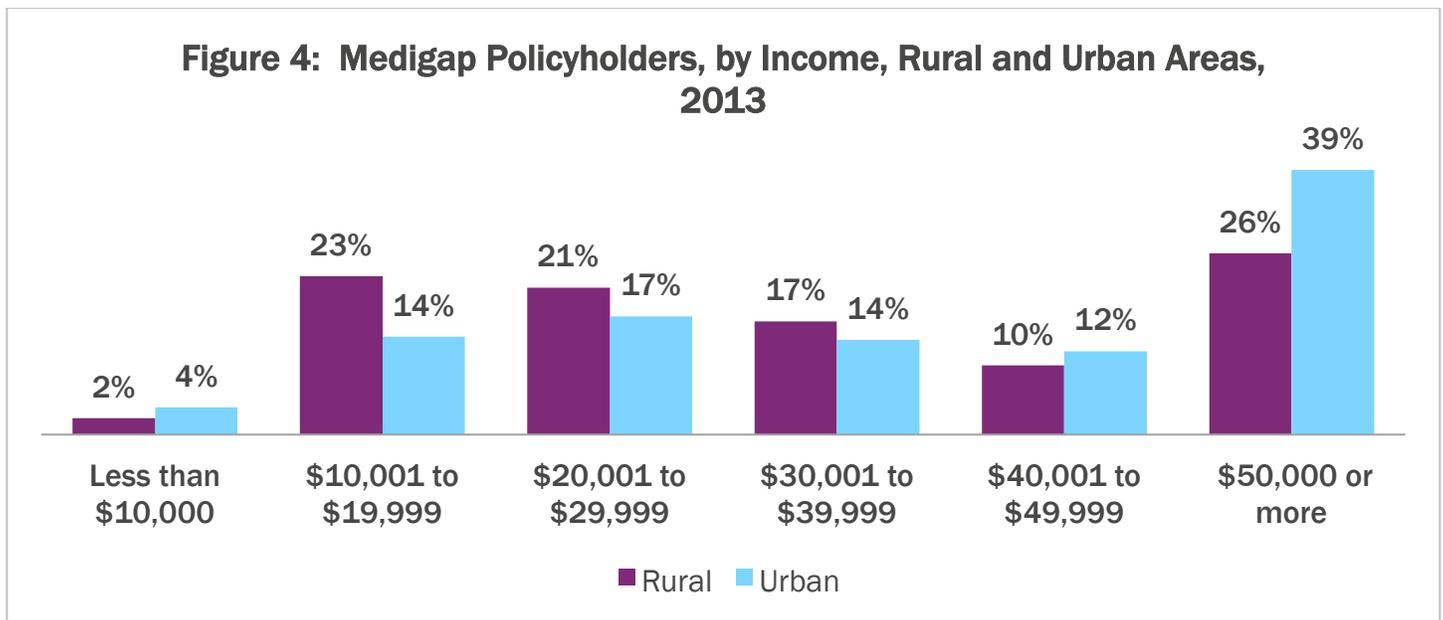
A significant number of Medigap policyholders were individuals with lower incomes: 21 percent had annual household incomes of less than \$20,000 and 39 percent had incomes less than \$30,000. This pattern was more widespread in rural areas, where 46 percent of Medigap policyholders had incomes of less than \$30,000, while for urban policyholders the share of individuals with annual household incomes of less than \$30,000 was 35 percent (see Table 3)

**Table 3: Income Range of Medigap Policyholders, By Geographic Location, 2013**

	Income Ranges						Total
	Less than \$10,000	\$10,000 to \$19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 or more	
All Medigap	4%	17%	18%	15%	12%	35%	100%
Urban	4%	14%	17%	14%	12%	39%	100%
Rural	2%	23%	21%	17%	10%	26%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2013 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries reporting income. The percentages in this table may not sum to 100 percent due to rounding.



### Medigap Beneficiaries In Rural Areas

Twenty-eight (28) percent of Medigap policyholders lived in rural (non-metropolitan) areas in 2013. By comparison, 23 percent of all Medicare beneficiaries lived in rural areas (see Figure 5).

Rural Medigap policyholders had substantially less financial resources than urban policyholders. Only 26 percent of rural Medigap policyholders had incomes of \$50,000 or more compared to 39 percent for urban Medigap policyholders (see Table 3).

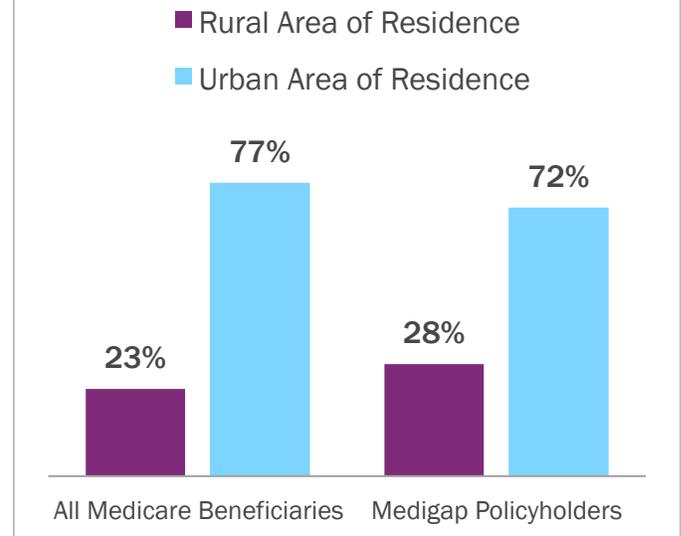
### Most Popular Medigap Policies

The Omnibus Budget Reconciliation Act (OBRA) of 1990 first required the establishment of standardized Medigap policies, with the creation of Plans A through J.<sup>2</sup> Over the years, Congress has allowed new versions of the original standardized plans (e.g., High-Deductible Plan F), authorized several new plans (e.g., Plans K through N) and discontinued some of the original or modified plans (e.g., Plans E, H, I and J).

The newer standardized plans include some form of beneficiary cost-sharing (deductibles, coinsurance or copayments). Table 4 lists the standardized policies and the percentage of enrollees in each, according to data from the NAIC for 2013.

In 2013, Medigap Plan F was the most popular, accounting for 55 percent of all policy types, followed by C, at 11 percent (see Table 4). Both policies offer beneficiaries protection for the out-of-pocket expenses not covered by Medicare, including the deductible and coinsurance. However, due to the passage of the federal Medicare Access and CHIP Reauthorization Act of 2015, Plans C and F will no longer be available for purchase to those that are newly eligible for Medicare after December 31, 2019. Those that were eligible for Medicare before January 1, 2020 will continue to have the option to purchase or keep plans C or F. Plan N, which was introduced in mid-2010, has been the fastest growing plan in recent years. Plan N covers most of Medicare's deductibles and coinsurance, but requires enrollee cost sharing for of up to \$20 for certain physician visits and up to \$50 for certain emergency room visits.<sup>3</sup>

**Figure 5: Medicare Beneficiaries, by Area of Residence, 2013**



## Beneficiaries with Medigap Coverage, 2013

**Table 4: Description of Medigap Policy Types and Percent of Medigap Policyholders, 2013**

	A	B	C	D	E	F <sup>†</sup>	G	H	I	J	K	L	M	N
Basic Benefits*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Skilled Nursing Facility Care Coinsurance			✓	✓	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Medicare Part A Deductible		✓	✓	✓	✓	✓	✓	✓	✓	✓	50%	75%	50%	✓
Medicare Part B Deductible			✓			✓				✓				
Medicare Part B Coinsurance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓ <sup>††</sup>
Medicare Part B Excess Charge						✓	✓		✓	✓				
Blood (first 3 pints)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	50%	75%	✓	✓
Foreign Travel Emergency			✓	✓	✓	✓	✓	✓	✓	✓			✓	✓
Out-of-Pocket Limit											\$4,800	\$2,400		
Percent of Medigap Purchasers with Type of Standard Medigap Plan	2%	4%	11%	2%	1%	55%	6%	1%	1%	6%	1%	**	**	6%

Sources: Medigap Policy Description: Choosing a Medigap Policy (2013), Centers for Medicare & Medicaid Services. K & L Out-of-Pocket Limits for Calendar Year 2013 [https://www.cms.gov/Medicare/Health-Plans/Medigap/Downloads/CY2013\\_OOP\\_Limits\\_and\\_Medigap\\_Plans\\_K\\_L-FINAL.pdf](https://www.cms.gov/Medicare/Health-Plans/Medigap/Downloads/CY2013_OOP_Limits_and_Medigap_Plans_K_L-FINAL.pdf). Medigap Purchasers' Plan Types: AHP Center for Policy and Research, Trends in Medigap Enrollment and Coverage Options, 2013 (November 2014) <https://www.ahip.org/COE-MedigapTrends092014/>

Notes: The data for standard policies include Medicare SELECT plans and those issued in three states (MA, MN, WI) that received waivers from the standard product provisions of OBRA 1990. Five (5) percent of Medigap enrollees were from waiver state plans in 2013. Plans E, H, I, and J were not available for sale to new customers effective June 2010. Plans M and N were introduced in June 2010. Percentages in this chart may not sum to 100 percent due to rounding.

\* Part A coinsurance and hospital costs up to an additional 365 days after Medicare benefits are exhausted.

\*\* Less than 0.5 percent.

† Plan F also includes a high-deductible version. Beneficiaries who choose this option must pay for Medicare-covered costs up to the deductible amount of \$2,110 in 2013 before the Medigap coverage begins.

†† Plan N requires Part B cost sharing of up to \$20 for physician office visits and up to \$50 for emergency room visits that don't result in an inpatient admission

## Beneficiaries with Medigap Coverage, 2013

### Appendix A: Methodology

Data for this study came from the 2013 Medicare Current Beneficiary Survey (MCBS) Access to Care files, maintained by the Centers for Medicare & Medicaid Services (CMS). We used SAS Enterprise Guide® 6.1 software<sup>4</sup> to analyze the data.

Our analysis includes data on non-institutionalized beneficiaries in 50 states, the District of Columbia and Puerto Rico eligible for Medicare as of January 1, 2013. For the determination of Medicare Advantage and Medicaid coverage, June 2013 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.

The "other public coverage" category contains beneficiaries with supplemental health benefits through military or veterans' coverage, such as TRICARE or Veterans Affairs healthcare.

In the MCBS dataset, Medicare beneficiaries were classified as residing in either rural (non-metropolitan) or urban (metropolitan) areas in 2013 based on CMS administrative data. CMS used information from the Office of Management and Budget to define a metropolitan statistical area, which is used to define the "urban" category in this report.

The classification of coverage type in this report has been based on the categorization of each beneficiary in one of six mutually exclusive coverage types as follows:

- Has self-purchased insurance (Medigap)
- Enrolled in Medicare Advantage
- Enrolled in Medicaid
- Has employer-based insurance, or employer-based insurance
- Has other public coverage
- Has Medicare only (Medicare fee-for-service only).

If a beneficiary had several insurance coverages, she was counted only for the highest coverage in the list. For example, a beneficiary with both Medicaid and Medicare Advantage coverages was counted only in the calculations for Medicare Advantage. This hierarchy was used to organize data for the presentation in Figure 1.

## Beneficiaries with Medigap Coverage, 2013

All other statistics in the report were calculated following the rule that each coverage category includes all of the beneficiaries with this type of coverage.

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

### Appendix B: Detailed Tables

**Table B-1. Geographic Location of Medicare Beneficiaries, by Coverage Type, 2013**

Coverage Type	Geographic Location		
	Rural	Urban	Total
All Medicare Beneficiaries	23%	77%	100%
Medigap	28%	72%	100%
Medicaid	24%	76%	100%
Employer-Based	21%	79%	100%
Medicare Advantage	14%	86%	100%
Other Public	15%	85%	100%
Medicare FFS Only	30%	70%	100%

Source: Medicare Current Beneficiary Survey Access to Care files, 2013 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries. The percentages in this table may not sum to 100 percent due to rounding.

Table B-1 shows the geographic location (rural or urban) of Medicare beneficiaries by coverage type. For example, 28 percent of Medigap policyholders lived in rural areas in 2013.

## Beneficiaries with Medigap Coverage, 2013

**Table B-2. Marital Status of Medigap Policyholders, by Geographic Location, 2013**

Marital Status	Geographic Location		
	Rural	Urban	All Areas
Married	60%	58%	58%
Widowed	25%	24%	25%
Divorced	12%	13%	13%
Separated	1%	**	**
Never Married	2%	4%	4%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Medicare Current Beneficiary Survey Access to Care files, 2013 (CMS).

Note: Calculations based on responses by non-institutionalized Medicare beneficiaries reporting marital status. The percentages in this table may not sum to 100 percent due to rounding.

\*\*Less than 0.5 percent

Table B-2 shows the percent of Medigap policyholders, by marital status, who resided in rural and metro areas in 2013. For example, 24 percent of Medigap policyholders who lived in urban areas in 2013 were widowed.

## Beneficiaries with Medigap Coverage, 2013

### Related Topic



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1 AHIP Center for Policy and Research, Trends in Medigap Enrollment and Coverage Options, 2013 (November 2014). <https://www.ahip.org/COE-MedigapTrends092014>

2 Three states (Massachusetts, Minnesota, and Wisconsin) offer standard Medigap plans, but are exempt from the OBRA 1990 standardized plan provisions (and subsequent revisions).

3 AHIP Center for Policy and Research, Trends in Medigap Enrollment and Coverage Options, 2013 (November 2014) <https://www.ahip.org/COE-MedigapTrends092014/>

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