

**A Profile of African Americans, Latinos, and Whites with Medicare:
Implications for Outreach Efforts for the New Drug Benefit**

November 2005

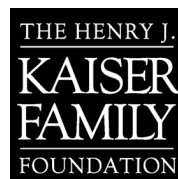


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A Profile of African Americans, Latinos, and Whites with Medicare: Implications for Outreach Efforts for the New Drug Benefit

Preface

Medicare beneficiaries will have the option to enroll in the new Medicare prescription drug benefit starting November 15, 2005. Understanding how beneficiaries vary in their needs and current patterns of coverage can help in outreach and education efforts to help them make informed choices about a benefit plan. This chartpack provides a snapshot of how racial/ethnic groups differ in income, health, and current patterns of drug coverage. It examines patterns separately for Medicare beneficiaries under age 65 who qualify on the basis of a disability and elderly beneficiaries who are age 65 or older.

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Section I: Overview of Medicare Population

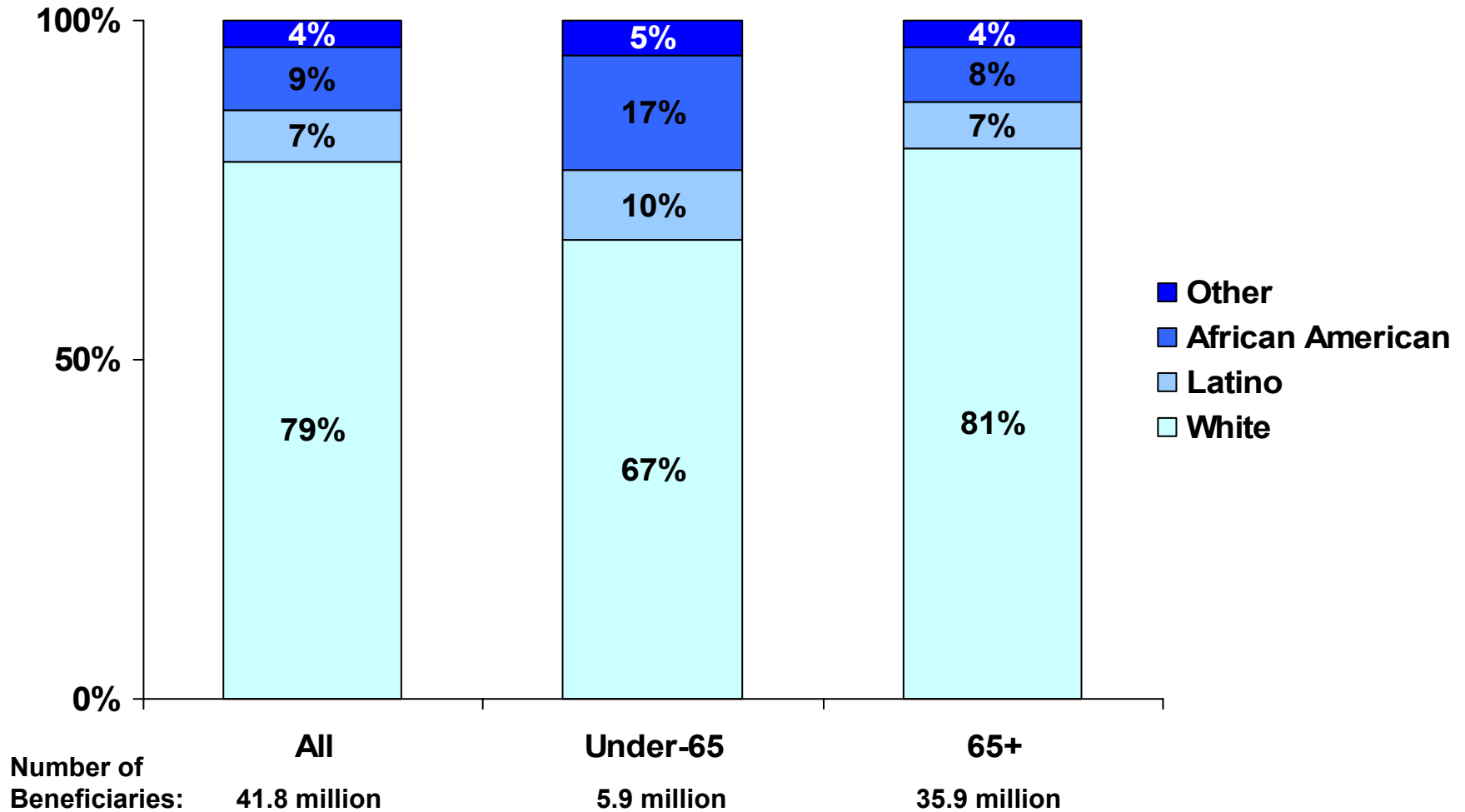
Section I: Overview of Medicare Population *(Figures 1 - 6)*

- Of an estimated 41.8 million Medicare beneficiaries in 2002, 33.1 million are white, 3.9 million are African American, 3.1 million are Latino, and 1.7 million are of other racial/ethnic groups including Asian/Pacific Islander and American Indian/Alaska Native.
- African Americans and Latinos make up 27% of Medicare's under-65 disabled beneficiaries and 15% of Medicare's beneficiaries ages 65 and older.
- The vast majority of beneficiaries live in urban areas. Latino beneficiaries, however, are more heavily concentrated in urban areas than African Americans or whites.
- Six in 10 African American (64%) and Latino (62%) beneficiaries have incomes below 150% of the federal poverty level (FPL), as compared with 32% of white beneficiaries.¹
- African American and Latino beneficiaries are in poorer health than white beneficiaries:
 - About four in 10 of African Americans (43%) and Latinos (38%), as compared with 28% of whites report they are in fair or poor health.
 - A larger percent of African Americans than whites report that they suffer from chronic illnesses such as diabetes (30% vs. 18%) and hypertension (71% vs. 59%). Latinos report higher rates than whites of diabetes (28% vs. 18%) and cognitive impairment (32% vs. 25%).
 - The proportion of beneficiaries with a permanently disabling condition before age 65 is higher among African Americans and Latinos than among whites. About one-quarter (26%) of African American and 19% of Latino Medicare beneficiaries are under age 65 and have a permanently disabling condition, as compared with 12% of white beneficiaries.
- Roughly 4 in 10 African Americans (43%) and Latinos (37%) with Medicare lacked coverage for their prescription drugs for all or part of the year in 2002.

¹ The federal poverty level (FPL) was \$8,860 for an individual and \$11,940 for a couple in 2002.

Figure 1

Profile of White, African American, and Latino Medicare Beneficiaries, by Age, 2002



NOTE: Other racial/ethnic groups include Asian/Pacific Islanders and American Indians/Alaska Natives. Totals may not add to 100% due to rounding.

SOURCE: Kaiser Family Foundation analysis of 2002 Medicare Current Beneficiary Survey Cost and Use File.

Figure 2

Percent of Medicare Beneficiaries Living in Urban Areas, by Race/Ethnicity, 2002

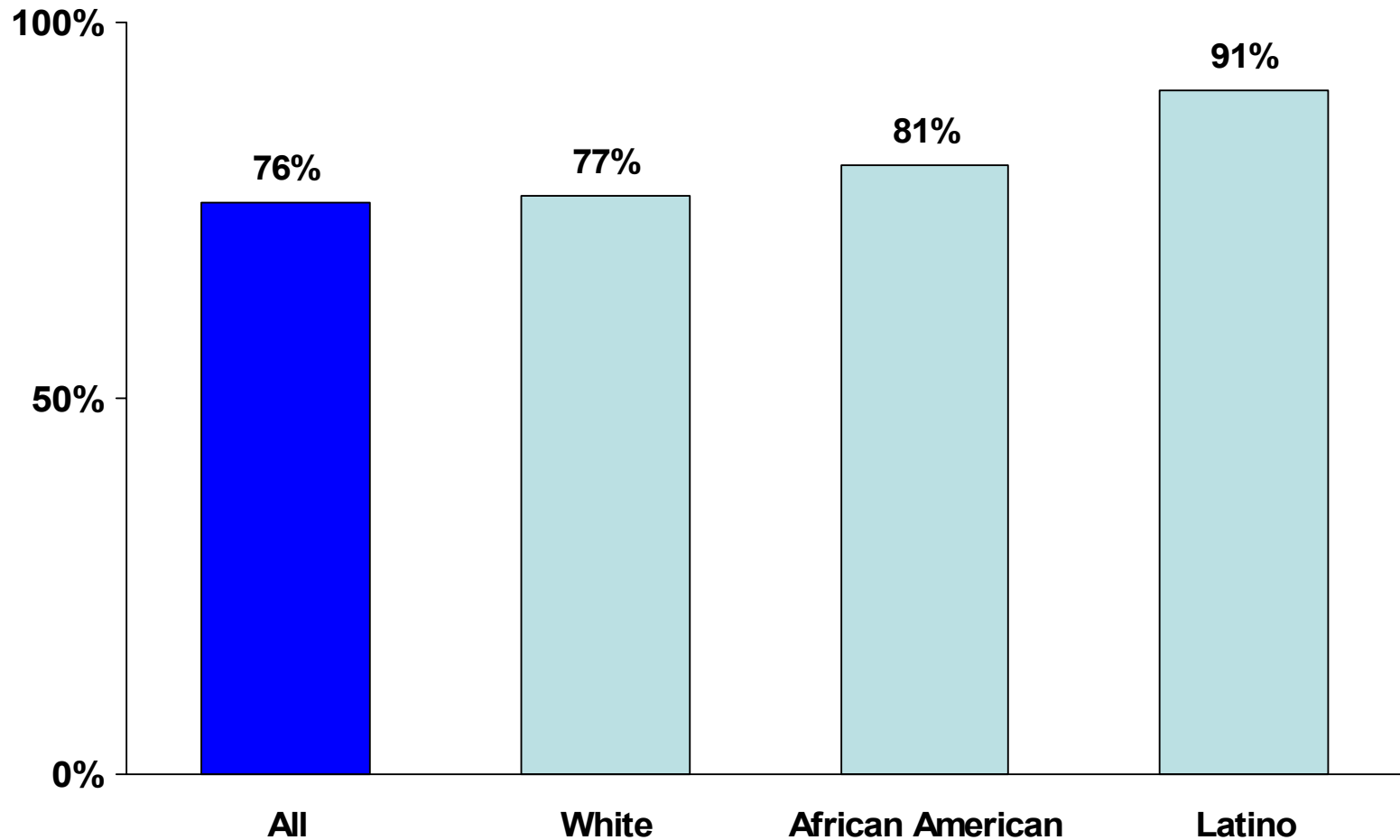
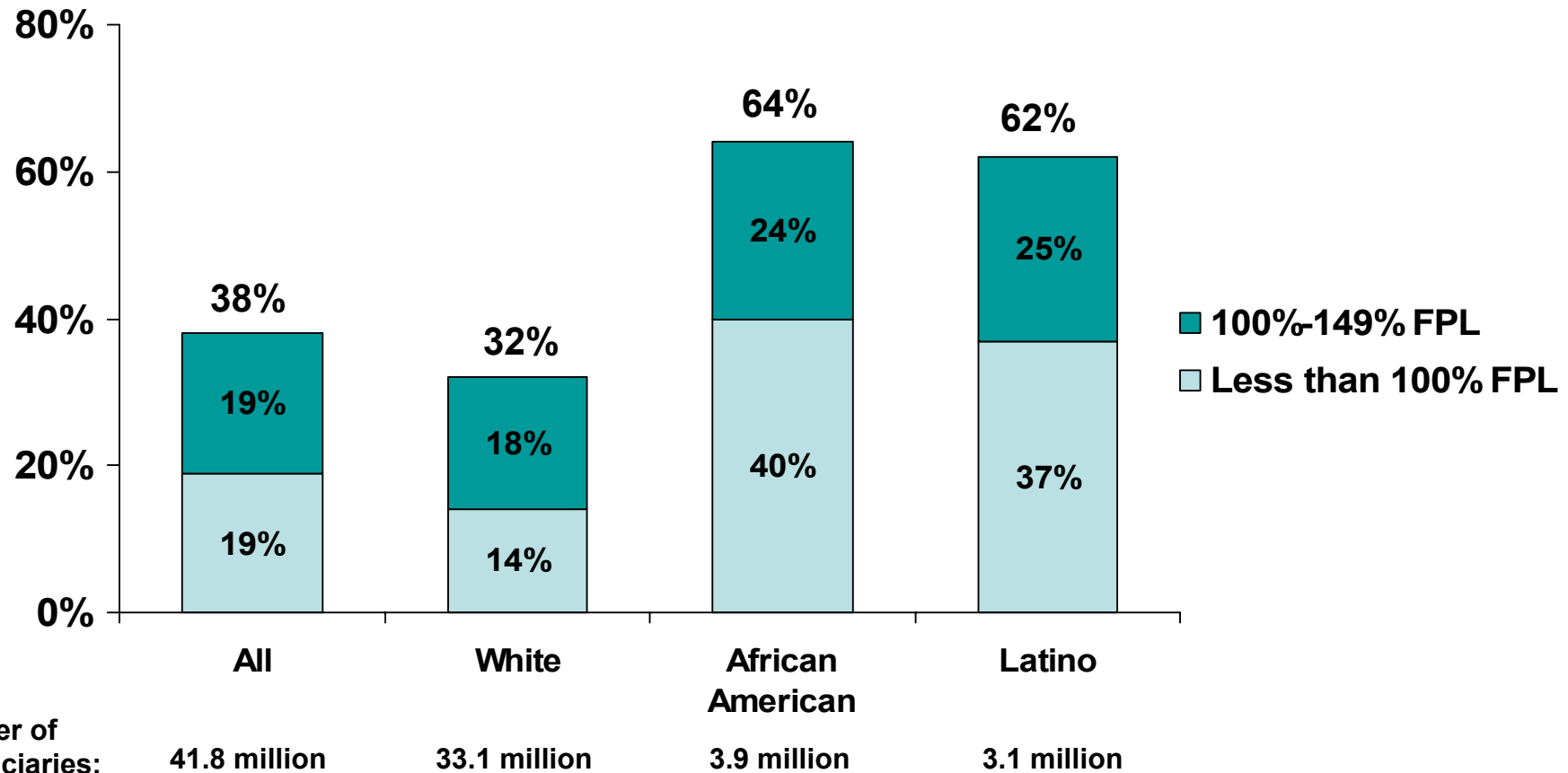


Figure 3

Percent of Medicare Beneficiaries with Income Below 150% of Poverty, by Race/Ethnicity, 2002

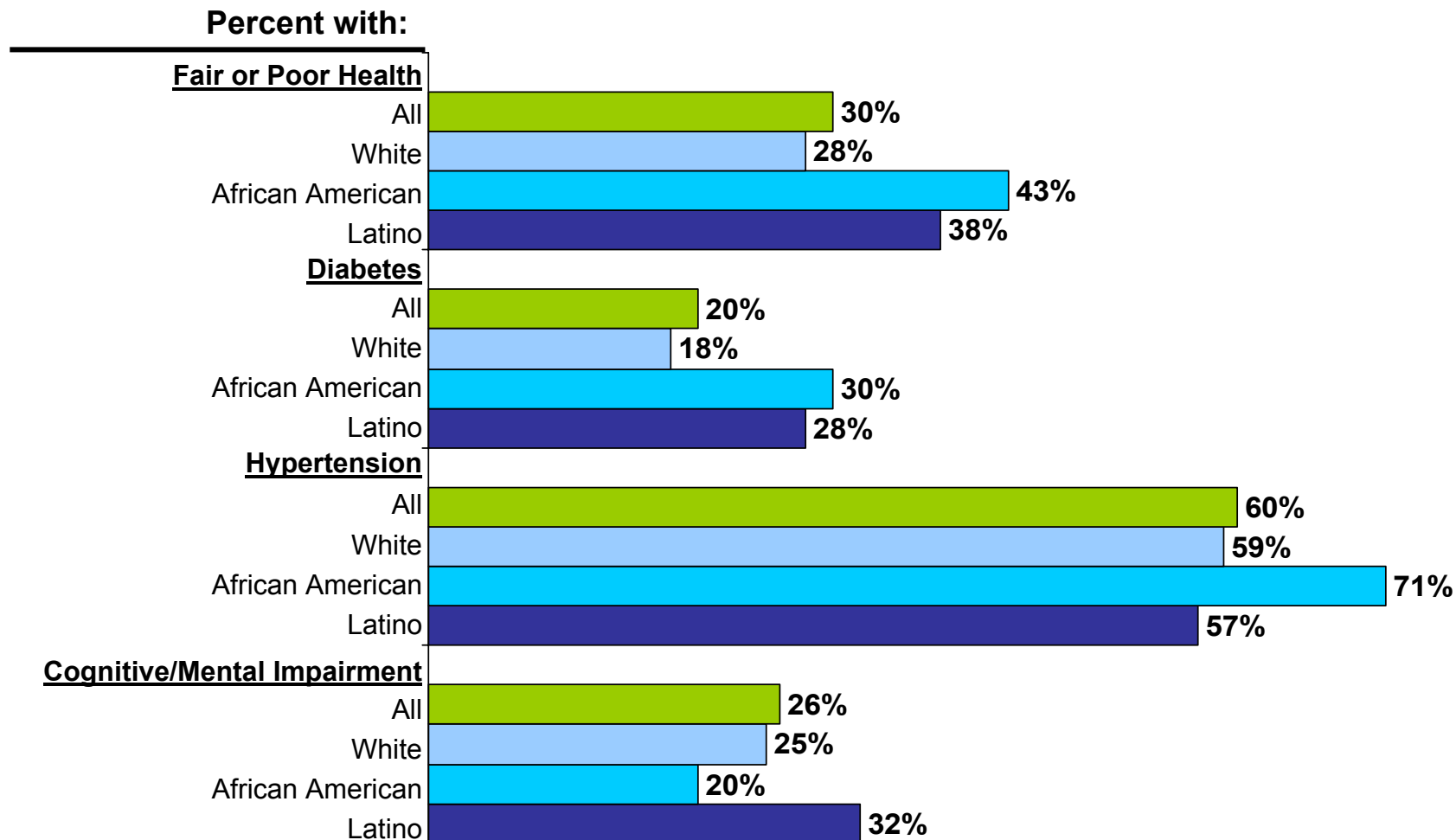


NOTE: In 2002, the federal poverty level was \$8,860 for an individual and \$11,940 for a couple. This analysis relies on MCBS income definitions, which include income from individual and spouse, but unlike Census definitions, exclude income from others in the household.

SOURCE: Kaiser Family Foundation analysis of 2002 Medicare Current Beneficiary Survey Cost and Use File.

Figure 4

Percent of Medicare Beneficiaries in Fair/Poor Health or with Selected Conditions, by Race/Ethnicity, 2002

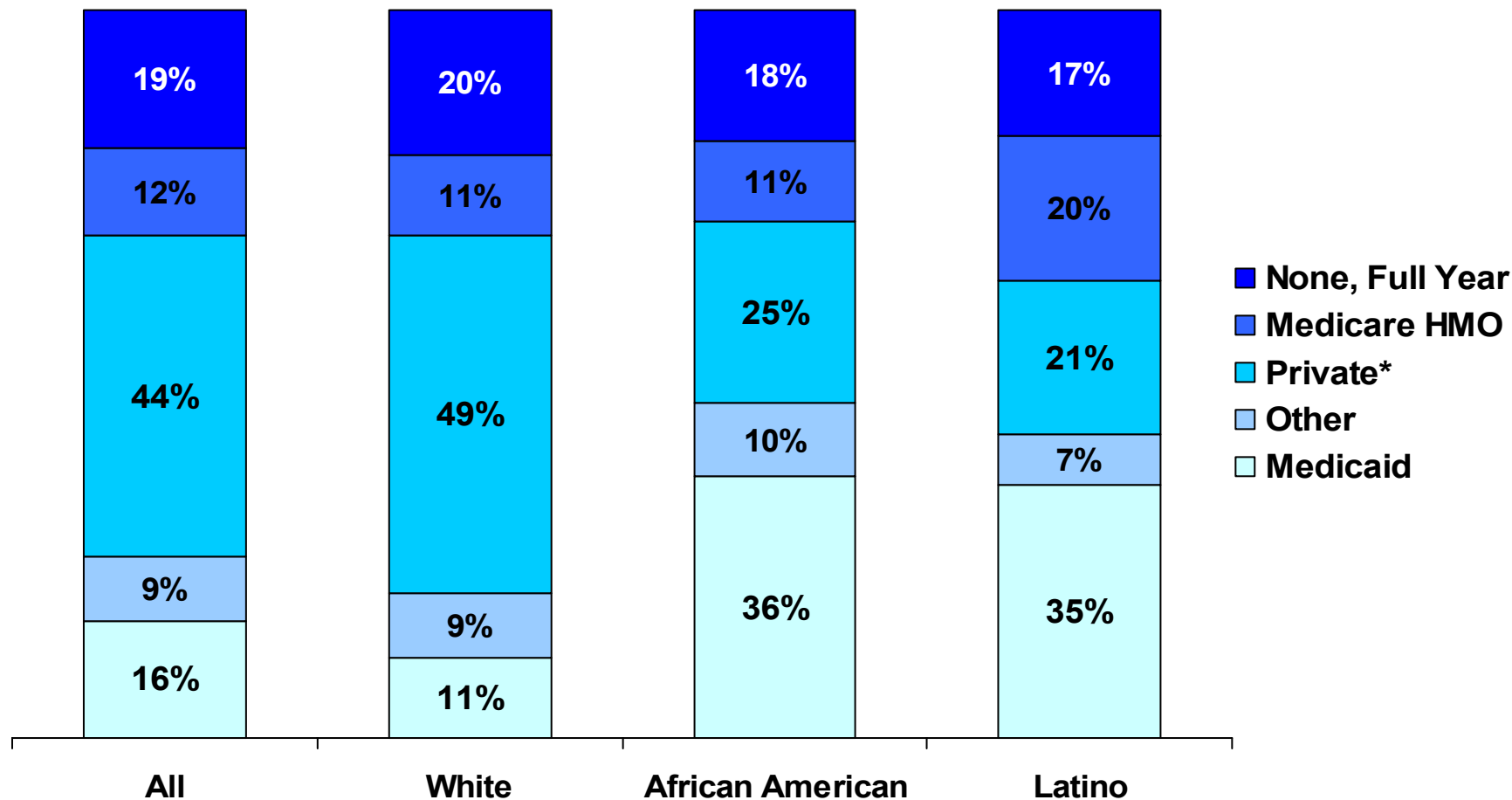


NOTE: Cognitive/mental impairment is defined as diagnosis of mental retardation, mental disorder, or Alzheimer's disease, or having memory loss that interferes with daily activity.

SOURCE: Kaiser Family Foundation analysis of 2002 Medicare Current Beneficiary Survey Cost and Use File.

Figure 5

Sources of Prescription Drug Coverage, by Race/Ethnicity: Medicare Beneficiaries, 2002



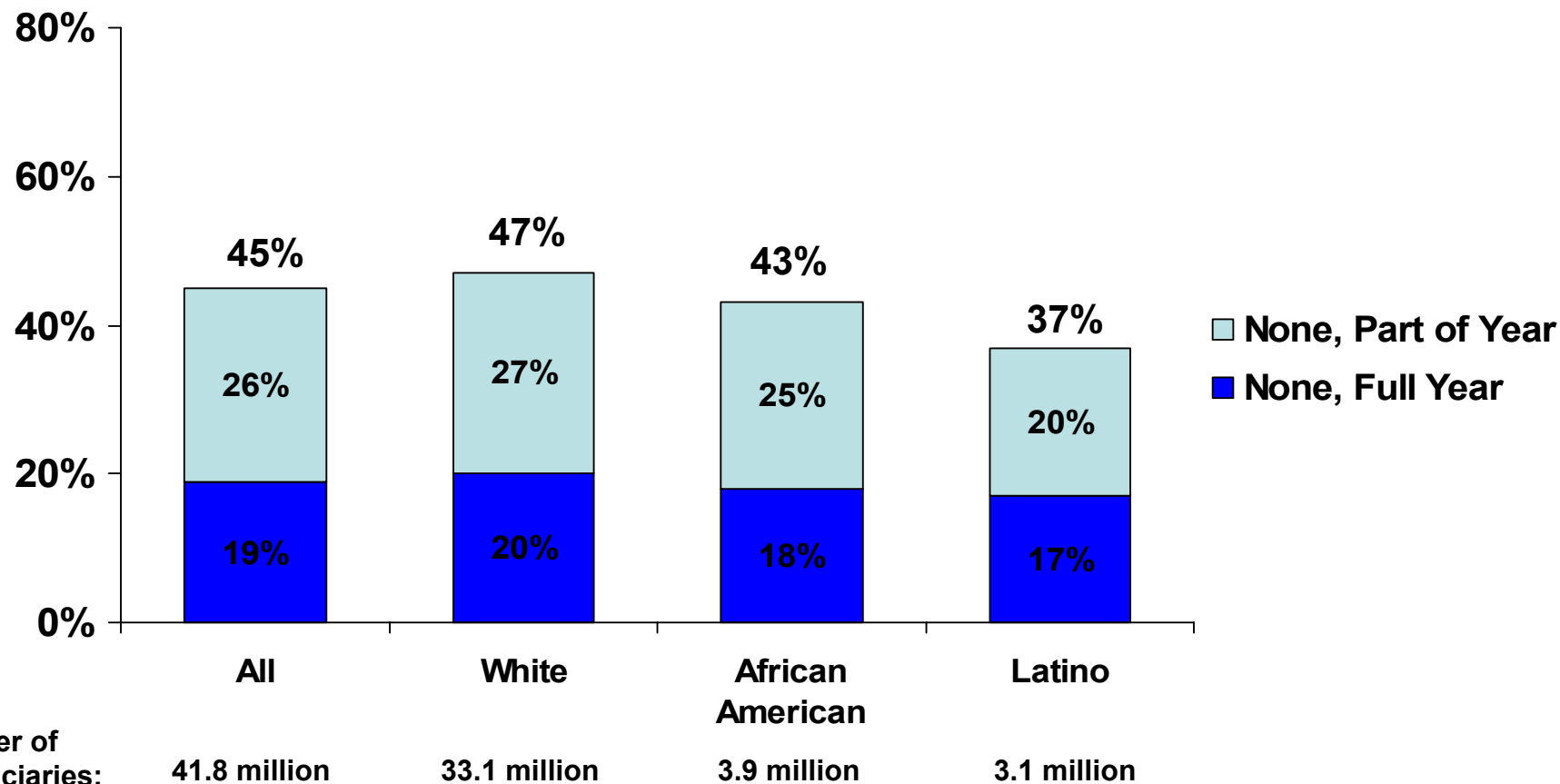
NOTE: Categories are mutually exclusive. Individuals were categorized based on the following hierarchy: Medicare HMO, Medicaid, employer-sponsored, Medigap, other public and unknown source, and no coverage.

*Private includes employer-sponsored and Medigap.

SOURCE: Kaiser Family Foundation analysis of 2002 Medicare Current Beneficiary Survey Cost and Use File.

Figure 6

Percent of Medicare Beneficiaries without Drug Coverage, by Race/Ethnicity, 2002



NOTE: In 2002, the federal poverty level was \$8,860 for an individual and \$11,940 for a couple. This analysis relies on MCBS income definitions, which include income from individual and spouse, but unlike Census definitions, exclude income from others in the household.

SOURCE: Kaiser Family Foundation analysis of 2002 Medicare Current Beneficiary Survey Cost and Use File.

Section II:

Under Age 65 Disabled Medicare Beneficiaries

Section II: Under-65 Disabled Medicare Beneficiaries (Figures 7, 8, 9)

Population Characteristics

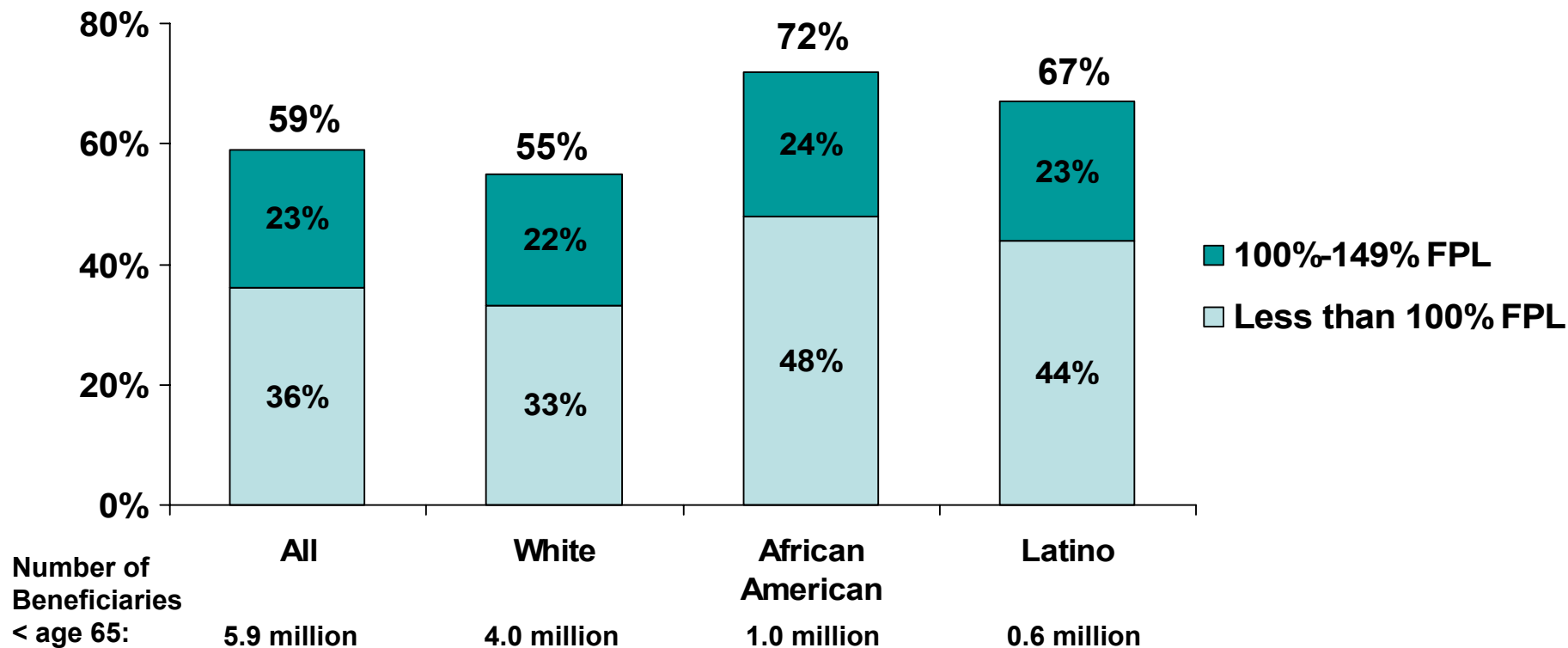
- Beneficiaries under 65, across racial/ethnic groups, have very limited financial means. In 2002, 55% of whites, 72% of African Americans, and 67% of Latinos had incomes below 150% of the federal poverty level.
- Self-reported rates of diabetes and hypertension are higher among African Americans than whites.
- Self-reported rates of diabetes and cognitive impairment are higher among Latinos than whites.
- Roughly half of under-65 beneficiaries of each racial/ethnic group (55% of whites; 46% of African Americans; 60% of Latinos) report having a mental disorder compared with 19% of elderly beneficiaries.

Sources of Prescription Drug Coverage

- About 2 in 10 (17%) under-65 disabled beneficiaries lacked prescription drug coverage throughout 2002.
- A smaller percentage of under-65 Latino (14%) and African American (14%) beneficiaries lacked drug coverage throughout the year than whites (18%).
 - This may be related to higher Medicaid enrollment among African American and Latino beneficiaries, because Medicaid covers prescription drugs.
 - It also may be due to higher Medicare HMO enrollment among Latinos, who are more highly concentrated in states such as Florida and California that have more Medicare HMOs, which also offer drug coverage.
- Medicaid was the leading source of drug coverage for under-65 disabled beneficiaries across racial/ethnic groups. In 2002, 55% of African American, 51% of Latino, and 36% of white under-65 beneficiaries had drug coverage through Medicaid.

Figure 7

Percent with Income Below 150% of Poverty, by Race/ Ethnicity: Under-65 Medicare Beneficiaries, 2002

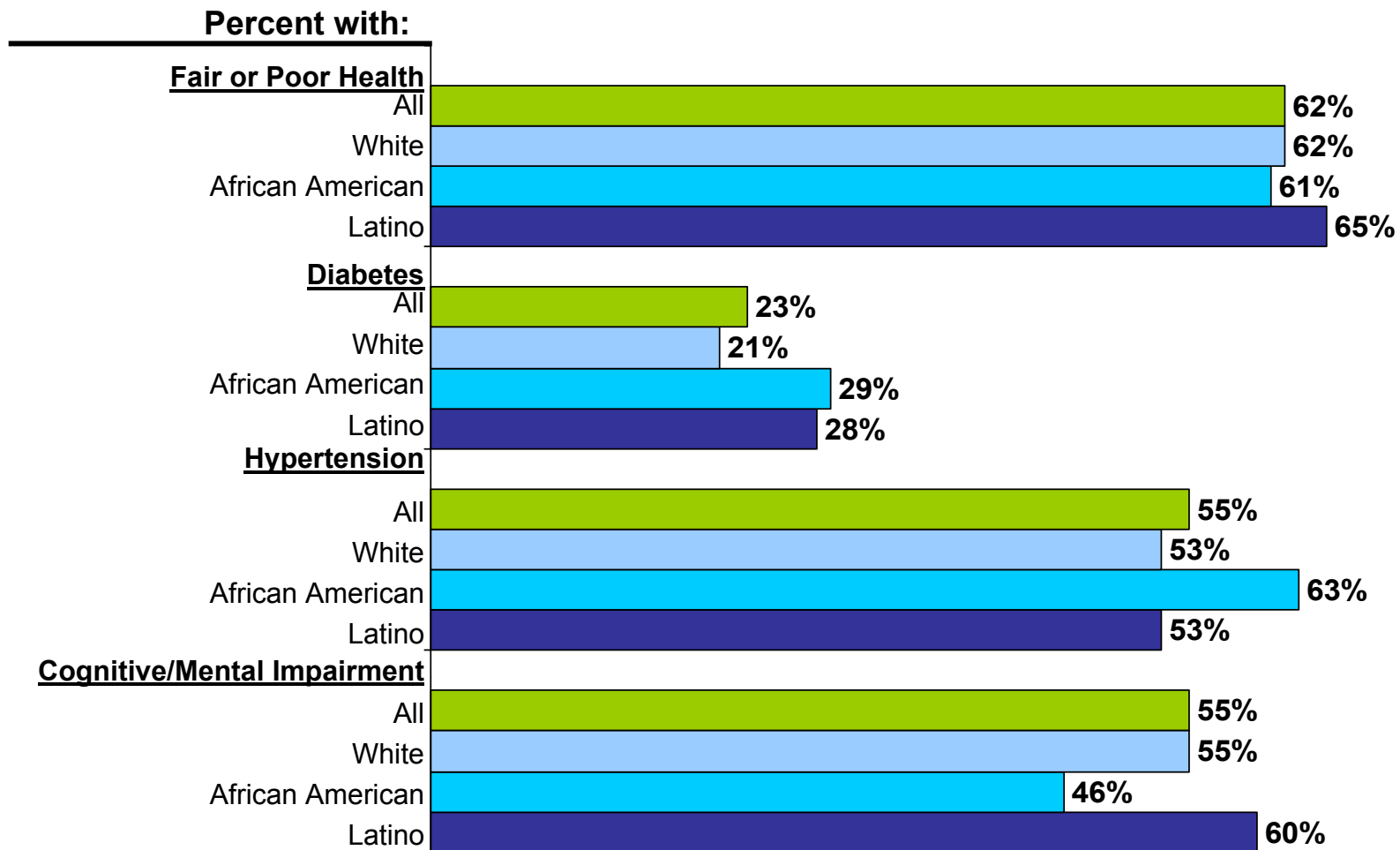


NOTE: In 2002, the federal poverty level was \$8,860 for an individual and \$11,940 for a couple. This analysis relies on MCBS income definitions, which include income from individual and spouse, but unlike Census definitions, exclude income from others in the household.

SOURCE: Kaiser Family Foundation analysis of 2002 Medicare Current Beneficiary Survey Cost and Use File.

Figure 8

Percent in Fair/Poor Health or with Selected Conditions, by Race/Ethnicity: Under-65 Medicare Beneficiaries, 2002

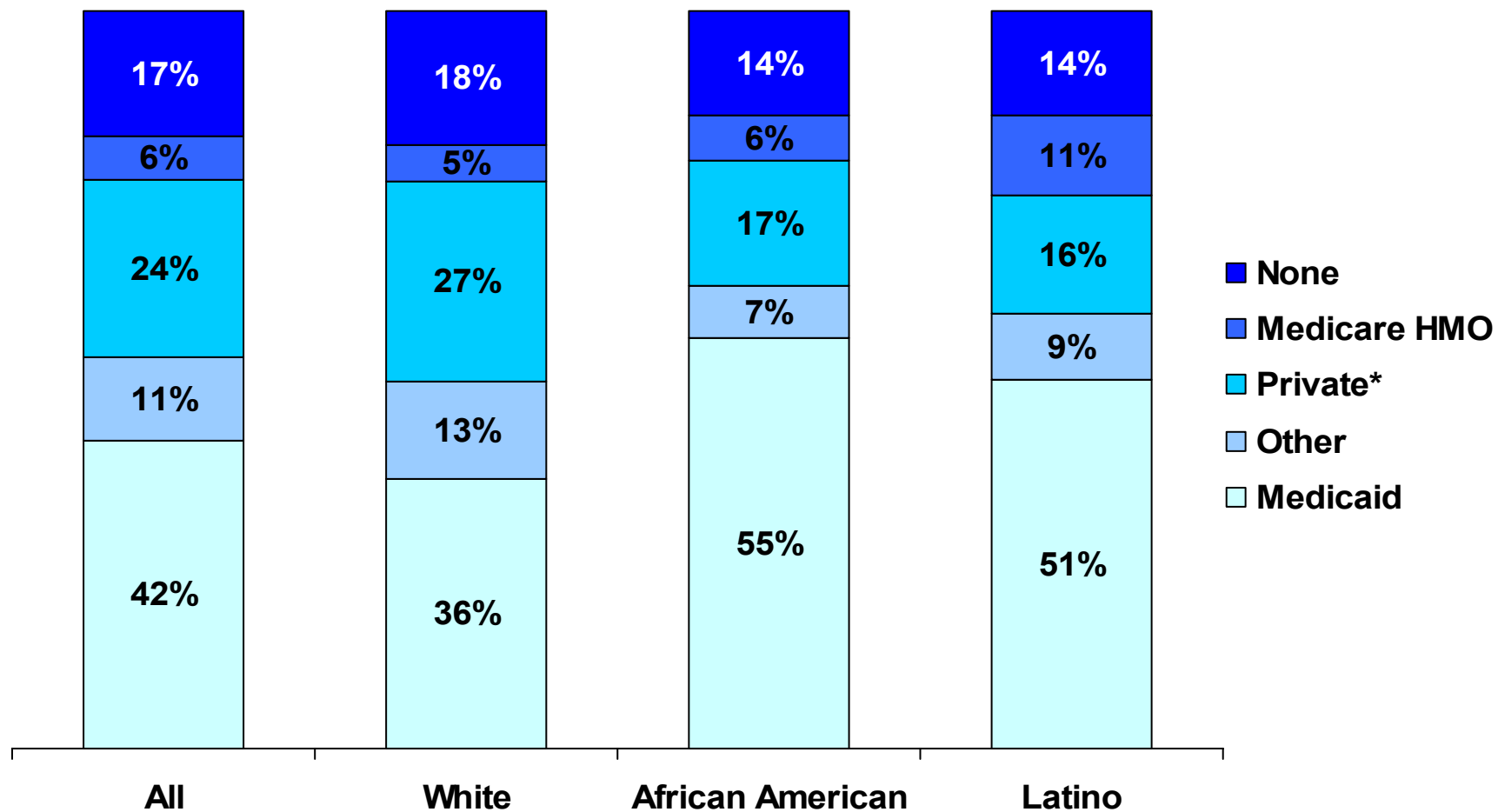


NOTE: Cognitive/mental impairment is defined as diagnosis of mental retardation, mental disorder, or Alzheimer's disease, or having memory loss that interferes with daily activity.

SOURCE: Kaiser Family Foundation analysis of 2002 Medicare Current Beneficiary Survey Cost and Use File.

Figure 9

Sources of Prescription Drug Coverage, by Race/Ethnicity: Under-65 Medicare Beneficiaries, 2002



NOTE: Categories are mutually exclusive. Individuals were categorized based on the following hierarchy: Medicare HMO, Medicaid, employer-sponsored, Medigap, other public and unknown source, and no coverage.

*Private includes employer-sponsored and Medigap.

SOURCE: Kaiser Family Foundation analysis of 2002 Medicare Current Beneficiary Survey Cost and Use File.

**Section III:
Medicare Beneficiaries Age 65+**

Section III: Medicare Beneficiaries Age 65+ (Figures 10, 11, 12)

Population Characteristics

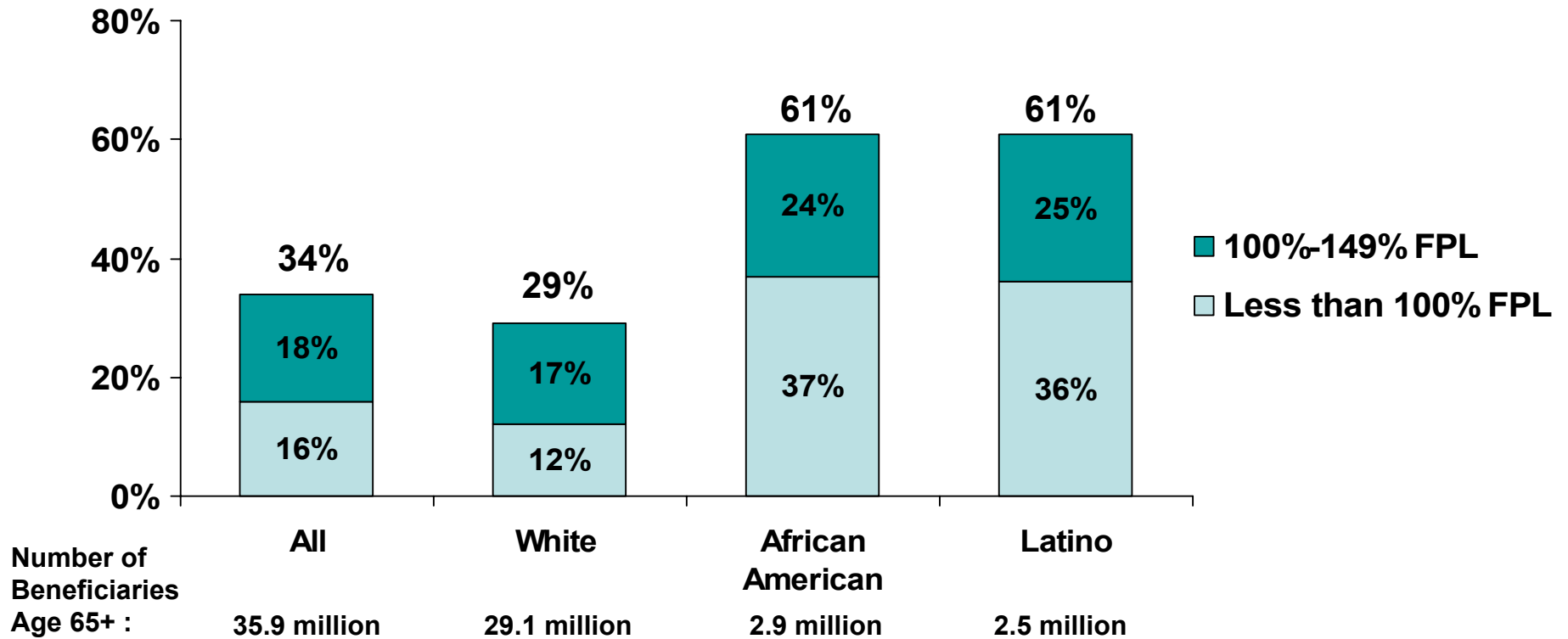
- Minority elderly beneficiaries are considerably poorer than white beneficiaries. In 2002, 6 in 10 African American and Latino beneficiaries age 65 and older had incomes below 150% of the federal poverty level compared with about 3 in 10 white beneficiaries.
- A larger percent of African American (36%) and Latino (31%) than white (23%) seniors report they are in fair or poor health.
- Self-reported rates of chronic conditions vary by race/ethnicity. African Americans and Latinos report higher rates of diabetes than whites. African Americans report higher rates of hypertension than whites or Latinos.

Sources of Prescription Drug Coverage

- Nearly 2 in 10 (19%) beneficiaries age 65 and older lacked prescription drug coverage throughout the year in 2002.
- A similar percentage of African American and white seniors lacked drug coverage. African American seniors with Medicare were more likely to have Medicaid drug coverage than whites but substantially less likely to have private supplemental drug coverage such as employer-sponsored retiree health benefits or privately purchased Medigap.
- Latino seniors were somewhat less likely than whites to be without drug coverage. This may be because Latinos have higher rates of enrollment in Medicare HMOs than whites or African Americans. In 2002, 12% of whites, 13% of African Americans, and 22% of Latinos 65+ were enrolled in Medicare HMO plans.
- Medicaid plays a critically important role assisting low-income minority seniors with drug costs. In 2002, more than a quarter of African American (30%) and Latino (31%) seniors compared with 8% of white seniors had drug coverage through Medicaid.

Figure 10

Percent with Income Below 150% of Poverty, by Race/Ethnicity: Medicare Beneficiaries 65 +, 2002

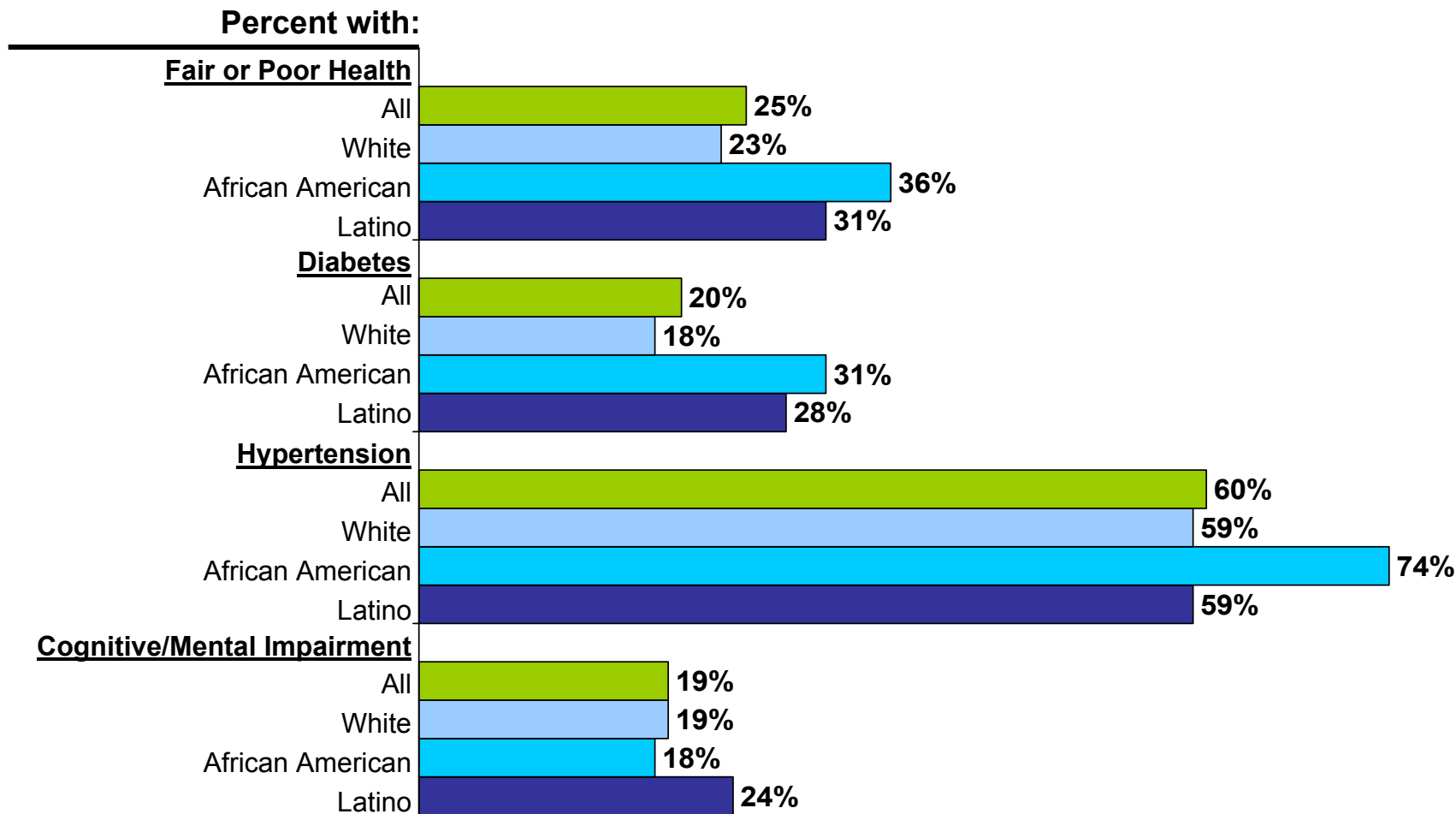


NOTE: In 2002, the federal poverty level was \$8,860 for an individual and \$11,940 for a couple. This analysis relies on MCBS income definitions, which include income from individual and spouse, but unlike Census definitions, exclude income from others in the household.

SOURCE: Kaiser Family Foundation analysis of 2002 Medicare Current Beneficiary Survey Cost and Use File.

Figure 11

Percent in Fair/Poor Health or with Selected Conditions, by Race/Ethnicity: Medicare Beneficiaries 65 +, 2002

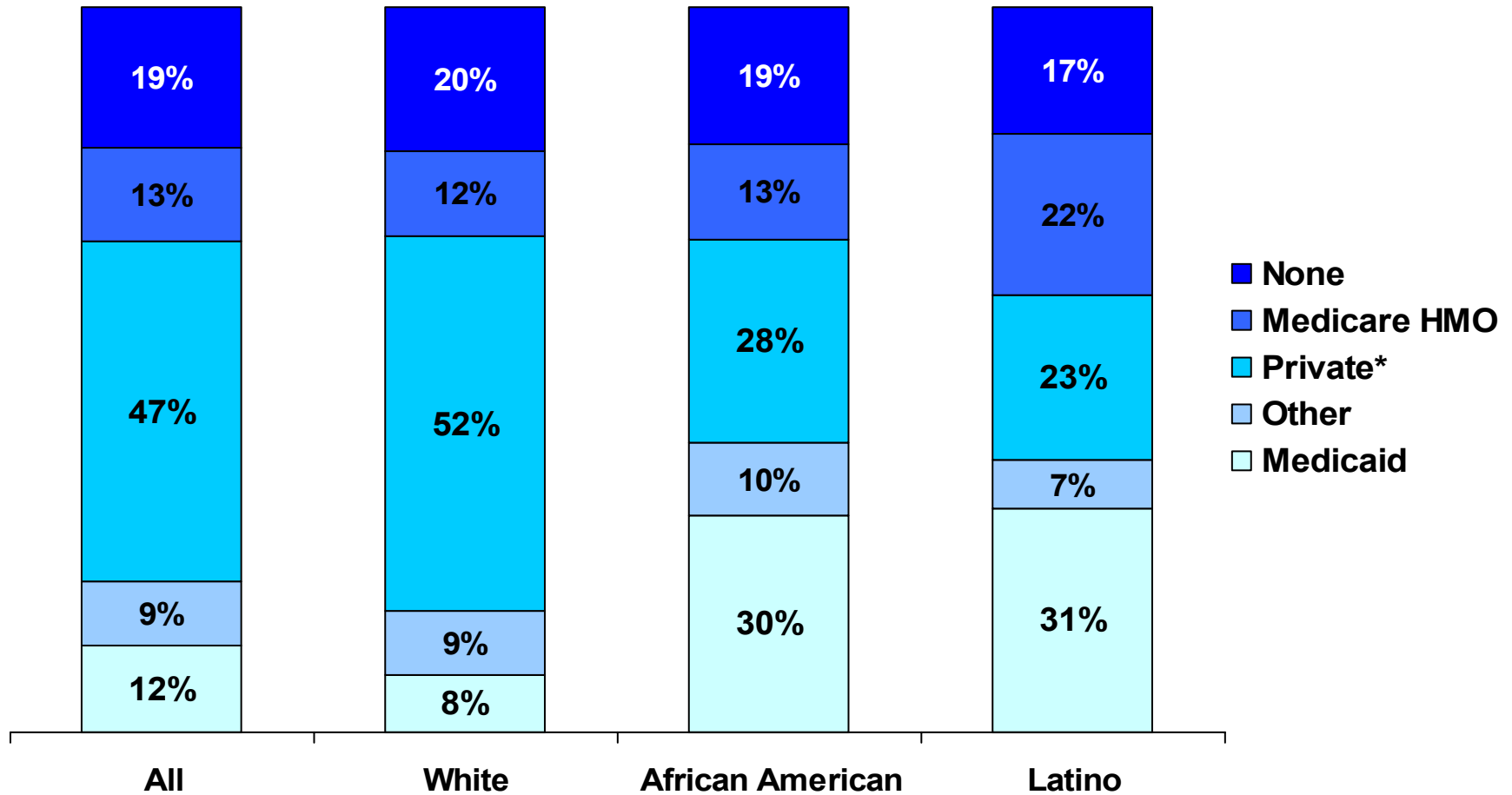


NOTE: Cognitive/mental impairment is defined as diagnosis of mental retardation, mental disorder, or Alzheimer's disease, or having memory loss that interferes with daily activity.

SOURCE: Kaiser Family Foundation analysis of 2002 Medicare Current Beneficiary Survey Cost and Use File.

Figure 12

Sources of Prescription Drug Coverage, by Race/Ethnicity: Medicare Beneficiaries 65+, 2002



NOTE: Categories are mutually exclusive. Individuals were categorized based on the following hierarchy: Medicare HMO, Medicaid, employer-sponsored, Medigap, other public and unknown source, and no coverage.

*Private includes employer-sponsored and Medigap.

SOURCE: Kaiser Family Foundation analysis of 2002 Medicare Current Beneficiary Survey Cost and Use File.

Section IV. Issues for Outreach and Education

The data presented in this chartpack help to identify some of the opportunities and the challenges in undertaking educational efforts around the new prescription drug benefit. Several issues deserve priority attention to promote informed decision-making.

- **For many African Americans and Latinos with Medicare, the drug benefit is an opportunity to get coverage.** The approximately 2.8 million African American and Latino Medicare beneficiaries who lack drug coverage for at least part of the year will now have an opportunity to get prescription drug coverage. Since beneficiaries in most states will have the option to choose from as many as 40 prescription drug plans, they will need information about the new sources of coverage available in their geographic areas.
- **Many African Americans and Latinos with Medicare may need help in choosing the drug plan that best meets their needs.** Educational efforts to help beneficiaries understand their coverage options will be critical since about 4 in 10 African American and Latino beneficiaries report they are in fair or poor health, and many have modest incomes and less than a high school education. Before selecting a drug plan, beneficiaries will need to pay particular attention to whether their prescribed medications are offered by the plan, whether the out-of-pocket costs will be affordable, and whether they can get their prescriptions filled at a convenient pharmacy.
- **Many will qualify for additional financial assistance under the new drug benefit.** Six in ten African American and Latino beneficiaries have incomes below 150% of FPL² and many will qualify for additional financial assistance to cover the costs of the new drug plans. This “extra help” can assist low-income minority beneficiaries who might otherwise find the premiums and cost-sharing under the Medicare drug plans unaffordable. Information may need to be developed specifically for low-income communities of color to address literacy and English language proficiency needs.
- **Outreach to beneficiaries under age 65 is important.** About a quarter of African American and 19% of Latino beneficiaries are under age 65, and about half of these beneficiaries report having a mental disorder. Medicare outreach efforts that target seniors will miss this group. Outreach efforts to younger beneficiaries will therefore be especially important for reaching African Americans and Latinos, and will need to consider potential mental competency issues.
- **Beneficiaries dually eligible for Medicare and Medicaid may need help to assure a smooth transition to new Medicare drug plans.** An estimated 2.5 million African American and Latino beneficiaries currently rely on Medicaid for drug coverage, and they must transition to one of the new Medicare drug plans before January 1, 2006. Beneficiaries dually eligible for Medicare and Medicaid can enroll in a plan of their choice, but if they do not do so, the Centers for Medicare and Medicaid Services will automatically enroll them in a plan. Helping dually eligible beneficiaries understand this change is important because many suffer from chronic conditions that could worsen with a lapse in medications.

² The federal poverty level (FPL) for an individual was \$8,860 and \$11,940 for a couple in 2002.

Methods

Data for this chartpack were obtained from the 2002 Medicare Current Beneficiary Survey (MCBS) Cost and Use File. The MCBS is a continuous multipurpose survey of a nationally representative sample of aged, disabled, and institutionalized Medicare beneficiaries. MCBS, which is sponsored by the Centers for Medicare and Medicaid Services (CMS), is the only comprehensive source of information on the health status, health care use and expenditures, health insurance coverage, and socioeconomic and demographic characteristics of the entire spectrum of Medicare beneficiaries.

The racial/ethnic categories in this chartpack are mutually exclusive groupings with all persons of Hispanic ancestry included among Latinos. The sample sizes for individuals who identified themselves as Asian/Pacific Islander, American Indian, or “other” were not sufficient for reliable population estimates of the health and coverage measures under study. All analyses applied sampling weights to provide nationally representative population estimates.

The definitions of poverty and prescription drug coverage used in this chartpack are also worth noting:

- Poverty. The poverty measure is derived from self-reported income in the MCBS, which is based on the income of the individual and spouse (if applicable). Unlike the measure of poverty as reported by the U.S. Census Bureau, MCBS excludes income from others in the household. This results in a larger population being defined as poor when using income reported in the MCBS than what is reported by the U.S. Census.
- Prescription Drug Coverage. The chartpack includes an estimate of prescription drug coverage throughout the entire year of 2002. This information is helpful in estimating the number of beneficiaries lacking coverage for the full year but generally underestimates the number of people that lack coverage at any point-in-time. Since beneficiaries may lose, switch, or find themselves between sources of coverage during the year, the point-in-time estimate could be larger or smaller at any give time period. Beneficiaries with multiple sources of drug coverage were assigned to one primary source of coverage using the following hierarchy: Medicare HMO, Medicaid, employer-sponsored, Medigap, other public and unknown, and no coverage.



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