FACT SHEET
WOMEN'S HEALTH POLICY FACTS
THE HENRY J. KAISER FAMILY FOUNDATION
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MEDICARE'S ROLE FOR WOMEN

Medicare is the nation's health insurance program for 45 million Americans age 65 and older and younger adults with permanent disabilities. For women, who are disproportionately low-income, with fewer resources and more chronic conditions than men, Medicare is a particularly critical source of retirement security. More than half (56%) of all Medicare beneficiaries are women; among the oldest old (ages 85 and older), 70% are women. As policymakers consider changes to Medicare, women have much at stake in the outcome of discussions about the program's future.

MEDICARE'S STRUCTURE

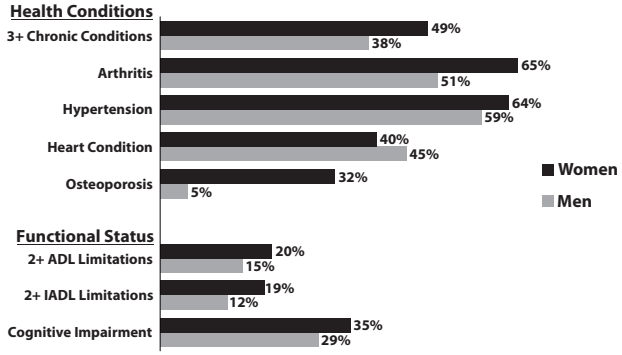
Medicare helps pay for basic medical care, and is organized into four distinct parts:

- **Part A** covers inpatient hospital care, skilled nursing facility care after a hospital stay, hospice and home health services.
- **Part B** covers physician services, outpatient hospital care, mental health services, home health, x-rays, diagnostic tests, durable medical equipment, and preventive services.
- **Part C** provides benefits covered under Parts A and B (and often Part D) through private health plans (called Medicare Advantage plans), including HMOs, PPOs, and private fee-for-service plans.
- **Part D** provides prescription drug coverage through private plans (stand-alone prescription drug plans and Medicare Advantage plans), with additional premium and cost-sharing subsidies for beneficiaries with limited incomes and assets.

HEALTH AND LONG-TERM CARE NEEDS

Women on Medicare have significant health needs and experience higher rates of many chronic health conditions than men, including arthritis, hypertension, and osteoporosis (Figure 1). Women are more likely than men to report having three or more chronic conditions. More women than men report having physical limitations (activities of daily living) and cognitive impairments (such as memory loss and dementia) that can limit their ability to live independently in the community.

Figure 1
Health and Functional Status of the Medicare Population, by Gender, 2005



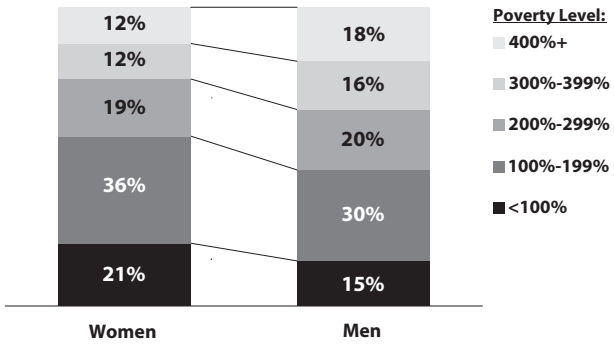
Note: ADLs refer to Activities of Daily Living (bathing, dressing, eating, walking, using the toilet, getting in and out of chairs). IADLs refer to Instrumental Activities of Daily Living (doing housework, making meals, managing money, shopping, using the phone).
Source: Kaiser Family Foundation analysis of CMS 2005 Medicare Current Beneficiary Survey Cost and Use file.

Women live longer than men on average, and older women are more likely than men to be widowed (46% vs. 14%) and live alone (39% vs. 19%). As a result, women represent three quarters (77%) of Medicare beneficiaries living in nursing homes, assisted living and other long-term care facilities. Yet Medicare has very limited coverage for long-term care services provided in facilities or in the community, which exposes many women to high out-of-pocket expenditures when they are no longer able to live independently.

INCOME AND FINANCIAL SECURITY FOR WOMEN

Older women have lower average Social Security and pension benefits than men, primarily because they had lower-paying jobs than men during their working years and because many worked part-time or left the workforce for periods of time to raise families or care for aging family members. In 2007, the median annual household income for women ages 65 and older was $23,400, substantially lower than $38,222 for older men (Congressional Research Service, 2008). In addition, more women Medicare beneficiaries than men on Medicare are living in poverty or near-poverty (Figure 2).

Figure 2
Poverty Distribution of Medicare Beneficiaries, by Gender, 2005



Note: The federal poverty level for an individual was $9,570 in 2005.
Source: Kaiser Family Foundation analysis of CMS 2005 Medicare Current Beneficiary Survey Cost and Use file.

MEDICARE BENEFIT GAPS AND COST SHARING

Despite providing important benefits, Medicare has gaps in coverage and relatively high cost-sharing requirements, and, unlike many large employer health plans, has no limit on out-of-pocket spending for medical benefits (excluding prescription drugs). Medicare does not cover hearing aids, eyeglasses, or dental care. The program provides only limited coverage for long-term care services provided in facilities and in the community, and does not cover extended nursing home stays or personal care needs.

Medicare's cost-sharing requirements include relatively high deductibles: in 2009, deductibles are $1,068 for Part A inpatient care, $135 for Part B services, and $295 for Part D. Many preventive benefits important to women's health, such as mammography, clinical breast exams, bone density tests, and visits for Pap test and pelvic exams, require 20% coinsurance. In addition, while drug

coverage offered by Part D plans varies, plans typically charge tiered cost-sharing amounts for prescriptions and most plans have a coverage gap (known as the "doughnut hole"). When beneficiaries reach this gap (after they incur $2,700 in total drugs costs in 2009), they are required to pay the full cost of their medications until they qualify for catastrophic coverage (after spending a total of $4,350 out of pocket for their prescriptions).

These gaps in benefits and high cost-sharing requirements, together with premiums for Medicare and supplemental coverage (described further below) can translate into high out-of-pocket expenses for beneficiaries. In 2005, women on Medicare spent, on average, 17% of their income on health care, slightly more than men (15%). Premium spending accounts for the largest share of out-of-pocket spending for both older women and men (about 40% of total spending), but the major difference is on long-term care spending where women spend more out-of-pocket than men.

SUPPLEMENTAL HEALTH INSURANCE

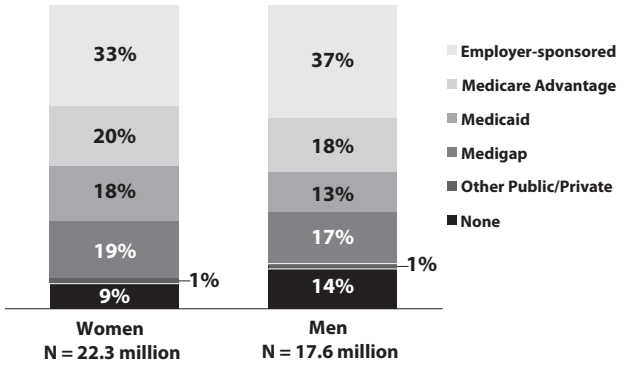
To help cover Medicare's benefit gaps and cost sharing, the majority of people on Medicare have some type of supplemental health insurance (Figure 3).

Employer-Sponsored Insurance supplements Medicare for many retirees and their spouses and also covers some working seniors for whom the employer plan (rather than Medicare) is their primary source of health insurance. A smaller share of women on Medicare than men have employer-sponsored coverage, largely due to the nature of women's workforce participation prior to their retirement.

Medigap insurance policies are typically purchased directly by beneficiaries to help cover Medicare cost-sharing requirements; 19% of women on Medicare have a Medigap policy.

Medicare Advantage plans provide all Medicare-covered benefits (typically also prescription drugs), and frequently offer reduced cost sharing for some services and coverage of non-Medicare covered benefits, such as vision and dental care.

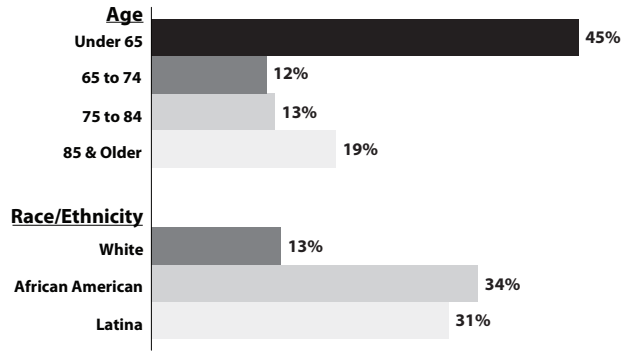
Figure 3
Supplemental Health Insurance Among Medicare Beneficiaries, by Gender, 2006



Source: Kaiser Family Foundation analysis of CMS 2006 Medicare Current Beneficiary Survey Access to Care file.

Medicaid is the federal-state health program for the poor and a critical source of supplemental coverage for many low-income women on Medicare, playing an especially important role in helping women as they grow older, and for women who are African American or Latina (Figure 4). Beneficiaries with low incomes and limited resources who qualify for both Medicare and Medicaid are often referred to as "dual eligibles," and women make up 70% of this group. In some states, beneficiaries who are essentially impoverished by their health and long-term care expenses can also qualify for Medicaid (known as "spend down").

Figure 4
Percent of Women on Medicare with Medicaid Coverage, by Age and Race/Ethnicity, 2006



Source: Kaiser Family Foundation analysis of CMS 2006 Medicare Current Beneficiary Survey Access to Care file.

Medicaid covers essential services that Medicare does not, including vision, eyeglasses, hearing, and dental services as well as nursing home care and personal care. Half of all women in nursing facilities are dual eligibles. Medicaid also pays for Medicare premiums, deductibles, and copayments. Beneficiaries with income slightly higher than the poverty level and limited assets can qualify for Medicaid assistance with Medicare deductibles and premiums, but do not receive nursing home care or other Medicaid benefits.

No supplemental coverage is a concern for nearly one in ten women on Medicare. Those without supplemental coverage typically report more cost-related barriers to care and lower rates of utilization than do beneficiaries with a supplement.

KEY ISSUES FOR WOMEN ON MEDICARE

Medicare plays a key role in health and retirement security for older women, along with Medicaid for those with low incomes, but gaps in benefits and high cost sharing lead many Medicare beneficiaries, particularly women, to spend a rising share of their incomes on their medical care. Medicare's role for elderly women underscores the importance of sustaining the program and finding ways to address the health needs and related financial challenges facing women as the population ages.

This publication (#7913) is available on the Kaiser Family Foundation's website at www.kff.org.