MEDICARE AND MINORITY AMERICANS

By 2025, racial and ethnic minority Americans will more than double as a share of the elderly population, and will account for one in three Americans 65 and older.

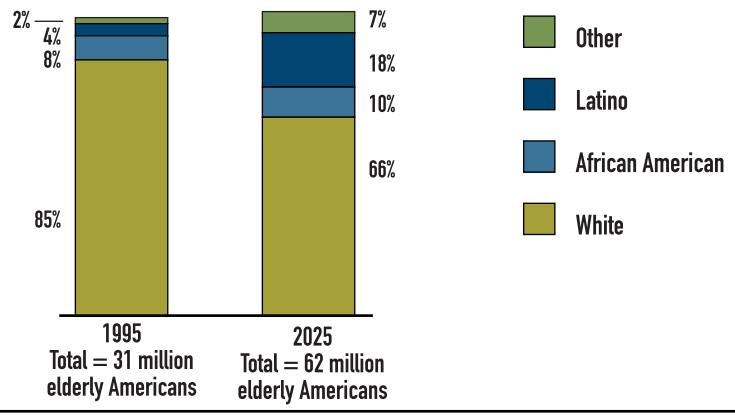
One of Medicare's major achievements is helping to ensure access to mainstream medical care for most of America's elderly and many disabled people, especially minority Americans and the poor. Today, minority Americans account for more than one in seven beneficiaries—a figure expected to escalate along with the growth of minorities in the general population.

Looking back to 1965 and Medicare's beginnings, the program played an important role in desegregating hospitals by requiring them to comply with the Civil Rights Act in order to receive payment. That requirement vastly improved access to hospital care for racial and ethnic minority Americans on Medicare. Early on, however, studies found marked differences in the care whites and minority beneficiaries received, even after controlling for health status and other factors. While some of those gaps have narrowed, there are lingering concerns about whether Medicare is fully meeting the needs of racial and ethnic minority Americans.

Growth of Racial and Ethnic Minority Medicare Beneficiaries

Today, minority Americans account for 14 percent of the nation's elderly and about 16 percent of the total Medicare population. More than half of the minority Medicare population is African American; Latinos make up the next-largest group. Asian-Pacific Islanders, American Indians, Eskimos, and Aleuts, by contrast, account for less than 2 percent. As baby boomers reach the age of Medicare eligibility, the number of elderly people will climb to unprecedented levels. This growth will occur at an even faster pace among minorities. The Bureau of the Census projects that, by 2025, racial and ethnic minority Americans will more than double as a share of the elderly rising from 14 percent to 35 percent and representing one in three seniors. Latinos will account for 18 percent of the minority elderly population, blacks for 10 percent, and other races for the remaining 7 percent (Figure 1).

Figure 1 **Racial and ethnic minority Americans will more than double as a share of the elderly population by 2025**



NOTE: "Latino" refers to U.S. residents self-describing as being of Hispanic origin, regardless of country of birth or citizenship."Other" includes Asian-Pacific Islanders, American Indians, Eskimos, and Aleuts.
SOURCE: Current Population Survey, 1995; population projections from the U.S. Bureau of the Census (Online).

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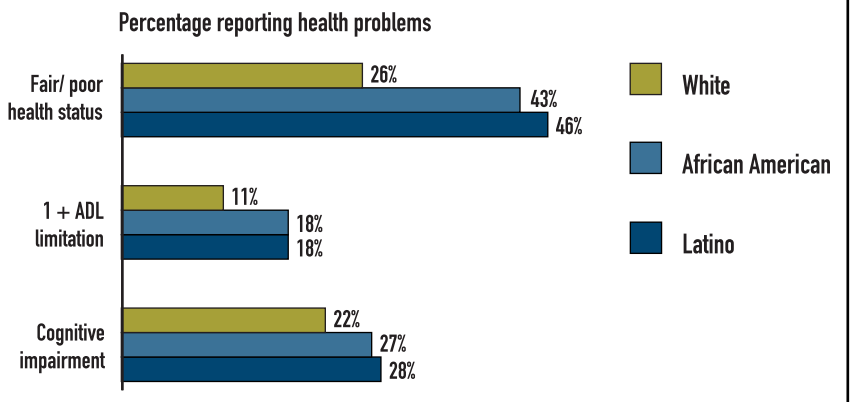
Characteristics of Minority Medicare Beneficiaries

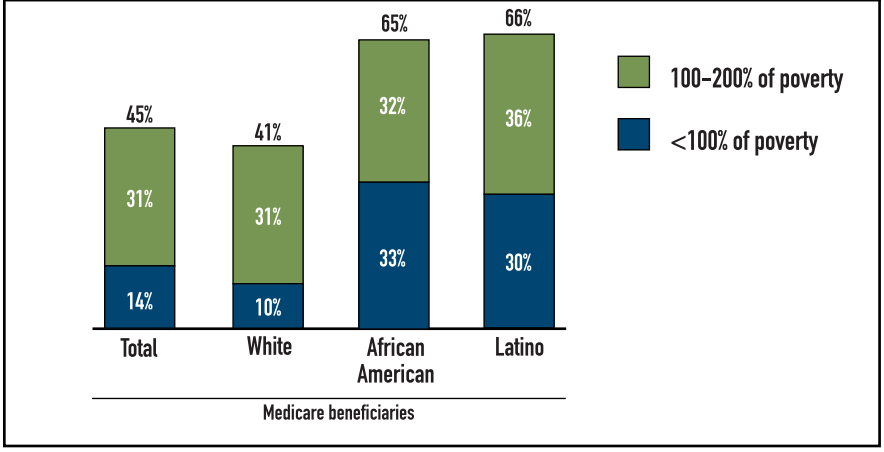
Racial and ethnic minorities covered by Medicare differ in many ways from their white counterparts. Generally, they suffer from more illnesses and are more apt to live in poverty. As such, they face greater risk of access problems and financial burdens related to their medical care. Both African American and Latino beneficiaries are likelier than whites to have serious health problems and long-term care needs (Figure 2). More than 40 percent perceive their health status as fair or poor, compared with 26 percent of whites. Also, more than 1 in 6 has limitations in functional status, in contrast to 1 in 10 whites. Minority beneficiaries are also more likely than whites to report having cognitive impairments such as dementia.

Figure 2 **Minorities on Medicare are more likely than whites to have serious health problems and long-term care needs**



NOTE: "Latino" refers to U.S. residents self-describing as being of Hispanic origin, regardless of country of birth or citizenship. ADL= activities of daily living, such as eating or dressing. Analysis excludes other races (Asian-Pacific Islanders, American Indians, Eskimos, and Aleuts).
SOURCE: Urban Institute analysis of The Medicare Current Beneficiary Survey, 1995.

Figure 3 **Minority Medicare beneficiaries have higher poverty rates than whites**



NOTE: "Latino" refers to U.S. residents self-describing as being of Hispanic origin, regardless of country of birth or citizenship. Excludes other races (Asian-Pacific Islanders, American Indians, Eskimos, and Aleuts).
SOURCE: Urban Institute analysis of the Current Population Survey of noninstitutionalized population, 1997.

Exacerbating their health problems, African American and Latino beneficiaries are far more likely than their white counterparts to live in poverty (Figure 3). About a third have incomes below the poverty level ($7,740 per person in 1996)—more than three times the share of whites (10 percent). Moreover, nearly two-thirds of African American and Latino beneficiaries have incomes below twice the poverty level ($15,480 in 1996), compared with 41 percent of whites.

Disparities in Health Insurance Coverage

Minority beneficiaries are far more likely than whites to rely solely on the traditional Medicare program for insurance protection. About a quarter of African American and Latino beneficiaries have no supplemental coverage, compared with 10 percent of all whites (Figure 4, on opposite page).

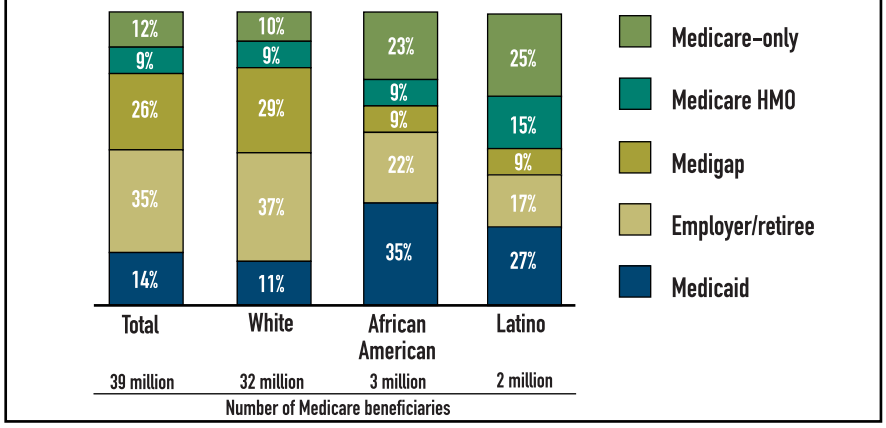
Two-thirds of all white beneficiaries have Medigap or employer-sponsored retiree benefits, compared with only a third of African Americans and a quarter of Latinos. Less than 10

percent of African American and Latino beneficiaries own a Medigap policy, compared with 29 percent of whites. Lack of supplemental insurance exposes minorities to higher out-of-pocket spending for medical services that Medicare alone does not cover.

Given their relatively low incomes and poor health, however, African Americans and Latinos are more likely than whites to rely on Medicaid to supplement Medicare. More than a third of African American beneficiaries and over a quarter of Latinos receive some level of Medicaid assistance, compared with 11 percent of whites.

Also noteworthy are trends in HMO enrollment among minorities and whites on Medicare. In general, a growing number of beneficiaries are joining HMOs as an alternative to traditional Medicare, since such plans typically offer more generous benefits for low or no additional premiums. So far, enrollment rates among whites and African Americans are comparable. Latinos, who tend to live in states where managed care is widespread, such as Florida and California, have relatively high rates of HMO enrollment.

Figure 4 **Minority Medicare beneficiaries are less likely than whites to have Medigap or employer-sponsored supplemental coverage**



NOTE: Columns do not sum to 100% because those with "other" insurance are not included.
"Latino" refers to U.S. residents self-describing as being of Hispanic origin, regardless of country of birth or citizenship.
Analysis excludes other races (Asian-Pacific Islanders, American Indians, Eskimos, and Aleuts).
SOURCE: Urban Institute analysis of the Medicare Current Beneficiary Survey, 1995.

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Disparities in Access to Care

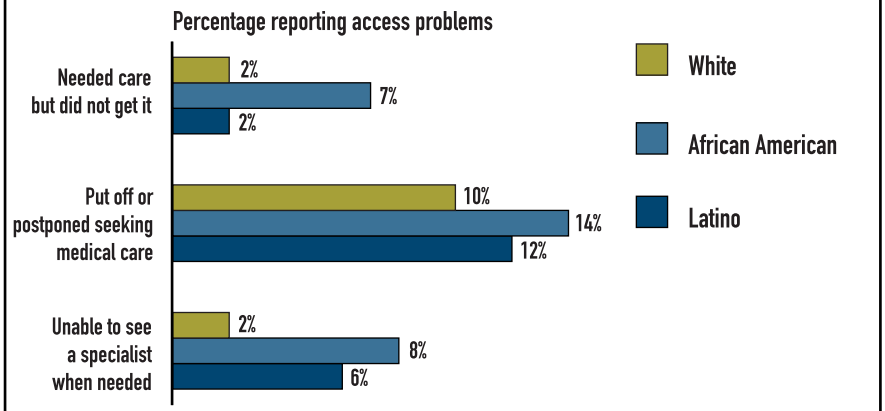
Compared with younger Americans, Medicare beneficiaries generally report fewer problems with access to care, mainly due to the program's universal health insurance coverage. Nonetheless, African American beneficiaries are more apt to encounter problems getting needed care than are their white counterparts (Figure 5).

That there are disparities in the use of certain health care services by African American and white beneficiaries has been well-documented. On the one hand, African Americans are about as likely as whites to get inpatient hospital care and are more likely to receive home health services. On the other, they are less likely to undergo certain procedures like angioplasty and bypass surgery. They also get less primary and preventive care, and have fewer visits to the doctor for outpatient care, lower immunization rates for influenza, and lower mammography rates.

Policy Implications

Medicare's track record in improving access to health care for the elderly and disabled, especially racial and ethnic minority Americans and the poor, is a strong one. Nonetheless, minority beneficiaries—who are among the neediest—continue to receive disparate medical treatment, that cannot be explained by factors such as income.

Figure 5 African American Medicare beneficiaries report higher rates of access problems than others



NOTE: "Latino" refers to U.S. residents self-describing as being of Hispanic origin, regardless of country of birth or citizenship. Analysis excludes other races (Asian-Pacific Islanders, American Indians, Eskimos, and Aleuts).
SOURCE: Kaiser/Commonwealth 1997 Survey of Medicare Beneficiaries, unpublished data.

Policies that maintain and improve financial protections for the poor are critical to the growing numbers of minorities on Medicare, whose incomes and health status have not kept pace with those of whites. Any program changes that raise beneficiaries' financial requirements could have a significant impact on African American and Latino beneficiaries. In evaluating Medicare reforms, the needs and experiences of racial and ethnic minority Americans on Medicare warrant careful attention.

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