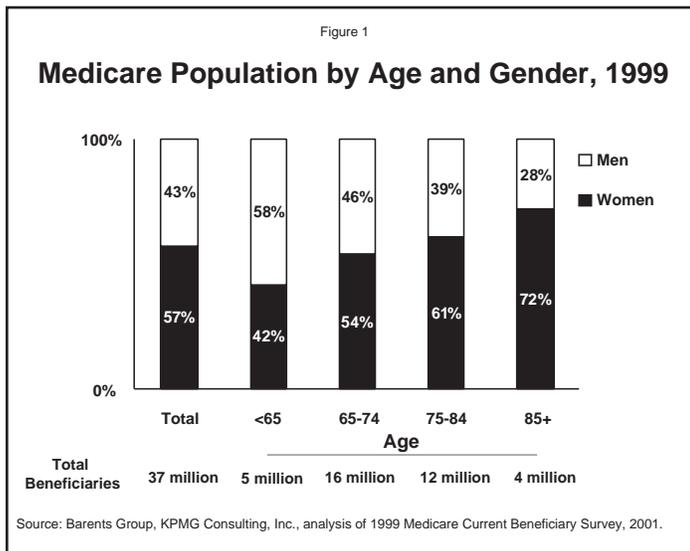


## Women and Medicare

July 2001

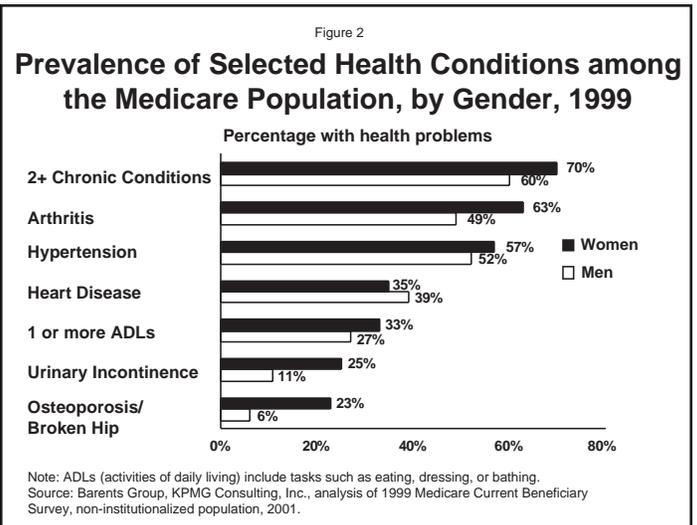
Medicare provides a health and financial safety net for virtually all older Americans and for many people with disabilities who are under age 65. Because women have longer life expectancies than men, more than half (57%) of the people covered by the program are women (Figure 1). By the time women are 85 and older, they account for nearly three-quarters of all beneficiaries. In 1999, there were 21 million women on Medicare—19 million ages 65 and over and another 2 million women under age 65 with disabilities who received Social Security Disability Insurance benefits.



### HEALTH AND LONG-TERM CARE NEEDS

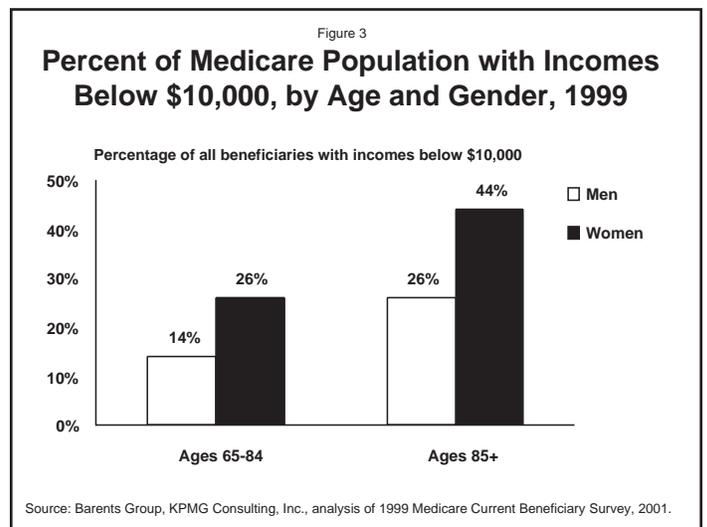
The security that Medicare provides through its coverage of health benefits is especially important to women because with their longer life spans, they are more likely than men to have multiple chronic conditions. They are also more likely to have health problems such as arthritis, hypertension, urinary incontinence, and osteoporosis (Figure 2). Older women also have high rates of other conditions such as heart disease. Medicare covers the costs associated with hospital and physician care, and other basic health services, but does not cover the outpatient prescription drugs necessary to manage many of these conditions.

Functional impairments and long-term care needs are also more common among older women. One-third of women on Medicare (33%) need assistance with one or more activities of daily living (ADL), such as eating or bathing, compared with just over a quarter of men (27%). Because older women are likelier than their male counterparts to be widowed and live alone, they often rely on paid assistance to meet their long-term care needs. As a result, women account for two-thirds of all home health users (67%) and three-quarters of all nursing home residents (73%).



### INCOME AND FINANCIAL SECURITY

For many older women, poor health status is complicated by low incomes. Women tend to have lower Social Security and pension benefits than men when they retire, primarily because they had lower earnings than men during their working years, and because many left the workforce for periods of time to raise families or care for aging family members. As a result, the average annual income for older women ages 65 and over was substantially lower than the average income for older men in 1999 (\$15,600 vs. \$29,200). Older women are almost twice as likely as older men to have annual incomes below \$10,000 (Figure 3).

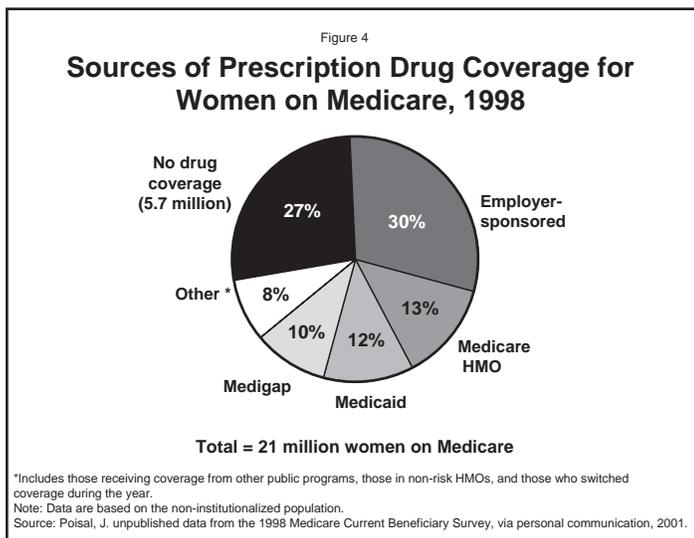


In fact, women account for over two-thirds of beneficiaries (67%) with annual incomes below the poverty level (about \$8,590 for individuals and \$11,610 for couples in 2001). African American women and Latinas on Medicare are considerably more likely than white women to be low-income, with 56% of African American women and 58% of Latinas on

Medicare living on annual incomes of less than \$10,000 compared to 24% of white women beneficiaries.

### PRESCRIPTION DRUGS AND SUPPLEMENTAL INSURANCE

While Medicare provides coverage for basic medical services, it does not cover outpatient prescription drugs and has high cost-sharing requirements. Consequently, most people on Medicare rely on public or private supplemental insurance to help cover these costs. In 1998—the most recent year for which data are available—three-quarters of women on Medicare had supplemental coverage that helped them with their drug costs (Figure 4). However, access to these benefits is declining, as is the scope of existing drug coverage.



**No drug coverage** is a concern for over one-quarter of women—6 million—on Medicare. Women *without* prescription drug coverage fill fewer prescriptions annually, on average, than do those *with* drug coverage (19 vs. 26), yet spend substantially more per year out-of-pocket for their medications (\$624 vs. \$328). Lower drug use among women who lack coverage leaves them vulnerable to complications arising from poorly managed health problems.

**Employer-sponsored plans**, often known as retiree health plans, assist 30% of women on Medicare with drug costs. During the past decade, there has been a steady erosion of retiree health benefits due to increasing employer health costs, a trend that is likely to continue in the future.

**Medicare HMOs** assisted 13% of female beneficiaries with drug costs in 1998. Since then, the number of Medicare HMOs available to seniors has declined, fewer HMOs are offering drug coverage, and the drug benefits provided by HMOs are far more limited than in previous years.

**Medigap**, or individually-purchased supplemental coverage, provides prescription benefits to 10% of women on Medicare. Of the ten standardized policies available, only three (H, I, and J) offer drug coverage. Premiums for Medigap policies that cover drugs have risen substantially in recent years and can run as high as \$3,500 per year in some areas.

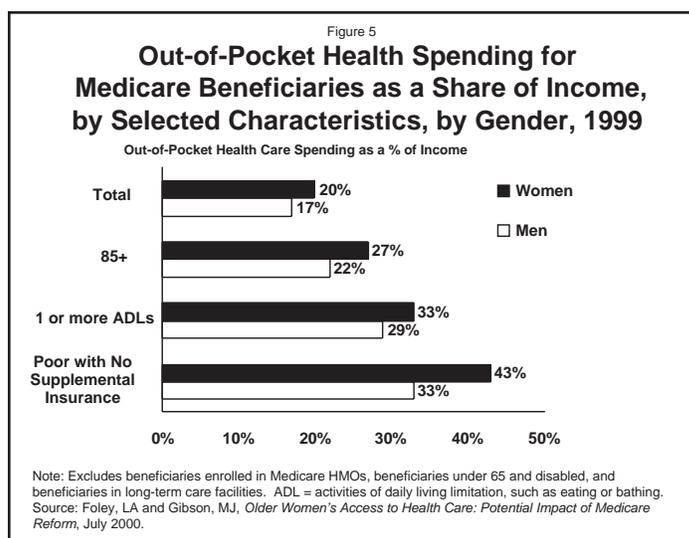
**Medicaid** is a critical source of drug coverage for 12% of women on Medicare, generally those with very low incomes. Women are more likely than men to qualify for Medicaid

because they generally have lower incomes and greater long-term care needs. Medicare beneficiaries are eligible for Medicaid assistance with drug costs if they receive cash assistance under the Supplemental Security Income (SSI) program or if a major health expense causes them to spend down their income and assets to qualify as medically needy. In addition, 16 states provide drug benefits to other Medicare beneficiaries with incomes up to 100% of poverty. Rising drug costs, however, have led many states to implement plans to curtail drug spending.

Twenty-nine states have established pharmacy assistance programs to help low-income Medicare beneficiaries with their drug costs. These programs vary widely in structure, eligibility, and benefits.

### OUT-OF-POCKET SPENDING

Because of their lower incomes and greater health needs, women on Medicare spend a greater share of their incomes on prescription drugs and other health care services than do men (20% vs. 17%, respectively; Figure 5). The most vulnerable women—those who are 85 years and older, those with one or more ADL impairments, and those who are poor and without supplemental insurance—spend an even greater share of their incomes on health care.



### KEY ISSUES FOR WOMEN

Women are major stakeholders in the debate over Medicare's future. Expanding outpatient prescription drug and long-term care coverage would make a considerable difference in the lives of millions of women, given their complex health needs and high use of prescription drugs. In addition, greater financial protections would provide relief for all low-income beneficiaries, the majority of whom are women.

More broadly, evolving the program to respond to the changing needs of women as they grow older and more frail will be an ongoing challenge facing Medicare. Understanding the full implications of proposed reforms for aging women will be essential to the success of any effort to strengthen and improve Medicare for future generations.

Based on *Key Facts: Women and Medicare* (#1638). Additional free copies of this fact sheet (#6003) are available on our website at [www.kff.org](http://www.kff.org) or through our publication request line at (800) 656-4533.