

Data Bulletin

Findings from the Current Population Survey



Health Insurance Coverage For Elderly Ohioans, 1999-2001

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Introduction

Nearly all Ohio residents age 65 and older were covered by Medicare in 1999-2001. Medicare is a federal health insurance program that serves every eligible beneficiary regardless of income or health status. All elderly Americans eligible for Social Security are automatically enrolled in Medicare at age 65.

Traditional Medicare coverage has substantial cost sharing and significant gaps. The deductible for inpatient hospital care is currently \$840. Medicare also requires enrollees to pay 20 percent of the cost for most outpatient hospital, physician and lab services. Skilled nursing facility coverage under Medicare is very limited and traditional Medicare provides no coverage at all for outpatient prescription drugs.^a

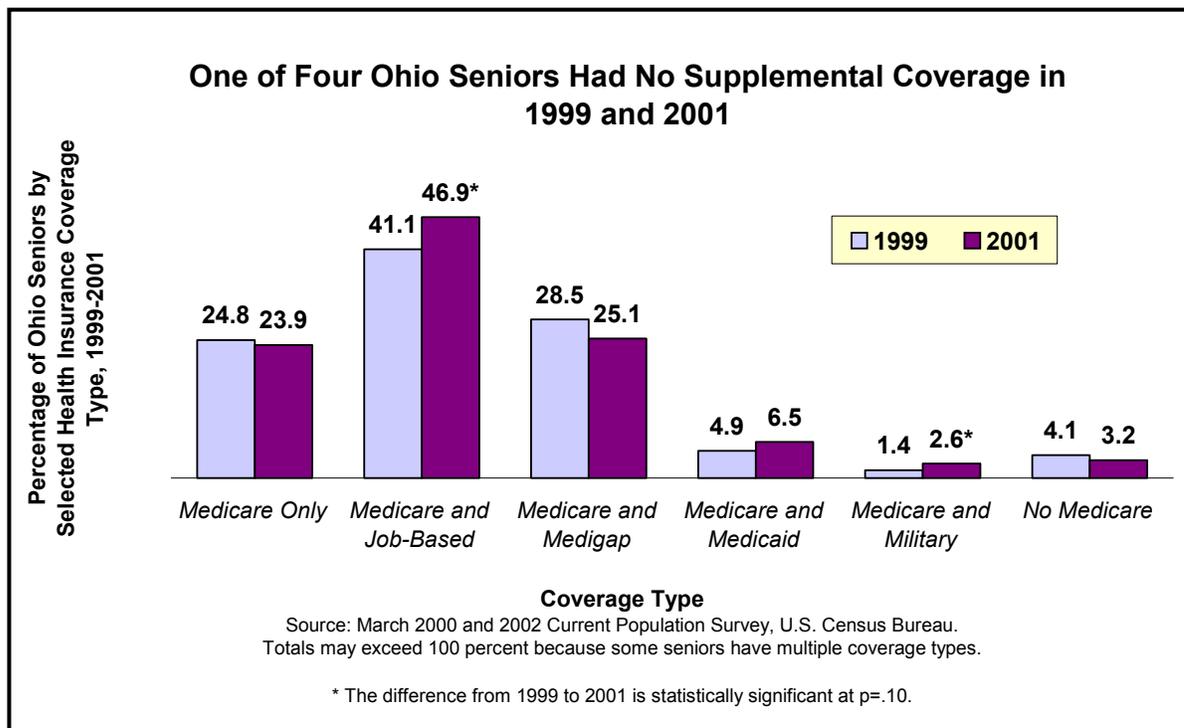
As a result of these gaps, Medicare pays only about half (56 percent) of the personal health care expenditures of its beneficiaries.¹ Therefore, most seniors obtain other coverage to supplement Medicare. Major sources of supplemental coverage include job-based plans, directly purchased Medigap insurance and Medicaid. Employer plans generally have more comprehensive benefits and less cost sharing than Medigap plans. For example, nearly all employer plans cover most prescription drug costs, but seven of 10 standard Medigap plans provide no drug coverage and the remaining three plans cover only 50 percent of the costs after a \$250 deductible.

Many seniors without supplemental coverage are vulnerable to significant out-of-pocket expenses for medical services. In 1999, 21 percent of Medicare beneficiaries without supplemental coverage reported delaying care due to the cost of services.² Low-income seniors without supplemental benefits are most likely to suffer from Medicare coverage limits. In 2001, nearly half (42 percent) of low-income Ohio seniors without prescription drug coverage reported not filling a prescription due to cost, and more than one-third (38 percent) reported skipping doses to make a prescription last longer.³

^a According to the Centers for Medicare and Medicaid Services, 85 percent of Ohioans covered by Medicare in 2001 were enrolled in the traditional Medicare program. The remaining 15 percent were covered by alternative Medicare + Choice plans. Most Medicare + Choice plans are Health Maintenance Organizations (HMOs) that typically offer enhanced benefits and reduced cost sharing in return for utilizing specific provider networks.

Ohio Coverage Overview

- Approximately one quarter of Ohio seniors had no other coverage to supplement Medicare in 1999-2001. Nearly half (47 percent) had a supplemental job-based health plan in 2001, up from 41 percent in 1999. This expansion of coverage occurred primarily among seniors who were age 75 and older, male, low-income, married, not disabled and living in metropolitan areas.
- For some population groups, job-based coverage was partly offset by a decline in Medigap coverage. The percentage of Ohio seniors who reported purchase of a Medigap supplemental plan decreased from 28 percent in 1999 to 25 percent in 2001. Although this difference was not statistically significant, Medigap coverage did decline significantly for seniors who were age 75 or older, male, black, in good to excellent health and living in central city areas (not shown).
- In 2001, 7 percent of Ohio seniors reported having coverage from both Medicare and Medicaid.^b These persons are frequently referred to as dual eligible. Medicare coverage is primary for dual eligibles, while Medicaid assists with costs and services not covered by Medicare. Most dual eligibles have full Medicaid benefits that include prescription drugs, dental, vision and other services not covered by traditional Medicare. However, some dual eligibles receive assistance only with Medicare premiums or cost sharing for services covered by Medicare.

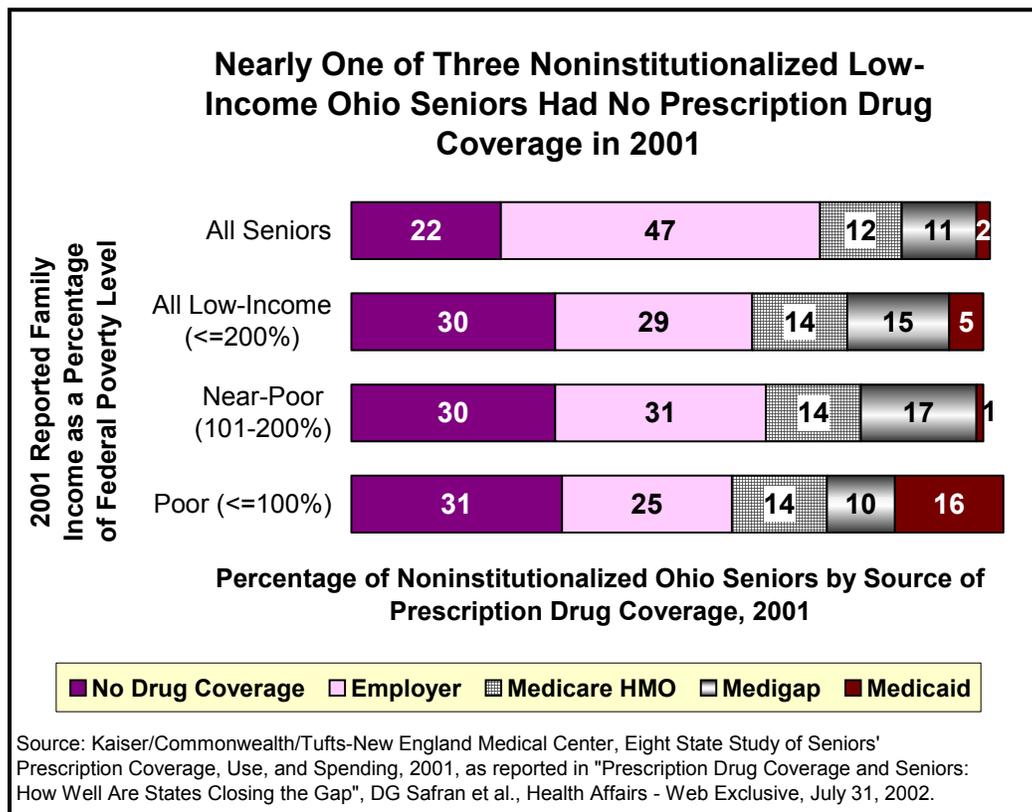


^b Medicaid is a federal and state-financed health insurance program for low-income and disabled persons. Household surveys such as the Current Population survey typically underestimate Medicaid coverage. The Ohio Department of Job and Family Services reports a substantially higher percentage of seniors covered by Medicaid. See the Notes section at the end of this report for further details.

- Less than 3 percent of Ohio seniors were covered by Medicare and supplemental military plans in 1999 and 2001.
- In 2001, 3 percent of seniors reported not being covered by Medicare, but all of these persons reported having employer-based or other forms of health coverage.

Prescription Drug Coverage³

- In 2001, 22 percent of noninstitutionalized Ohio senior citizens and 30 percent of low-income seniors were without prescription drug coverage.
- About half (47 percent) of elderly Ohioans and 29 percent of low-income seniors had drug coverage through an employer.
- Medicare HMOs provided drug coverage for 12 percent of Ohio seniors, while directly purchased Medigap plans covered 11 percent.
- Medicaid provided drug coverage for only 2 percent of noninstitutionalized Ohio senior citizens and 16 percent of poor seniors.^c

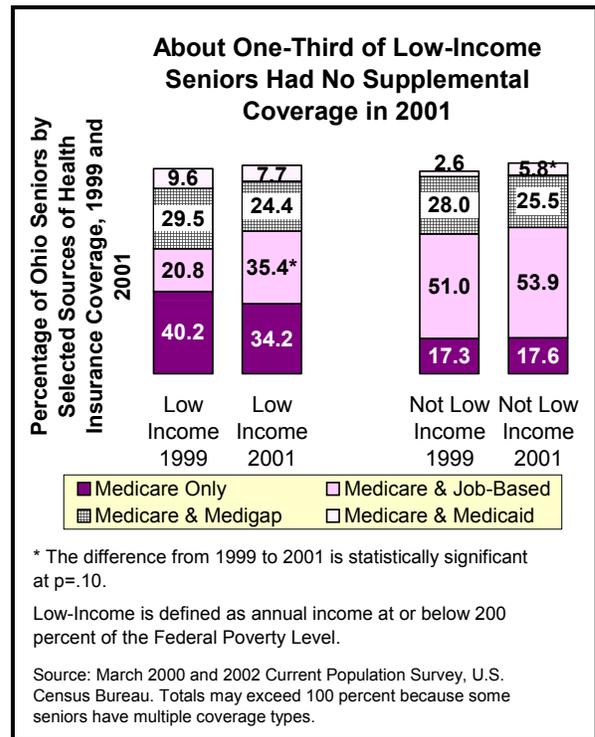


^c This survey significantly underestimated Medicaid drug coverage for seniors because the Ohio Department of Job and Family Services reported that 10 percent of Ohio seniors were covered by Medicaid in 2001. Many of these beneficiaries were nursing home residents who were not surveyed. Although some elderly Medicaid beneficiaries received assistance only with Medicare premiums and cost-sharing, most had full Medicaid coverage that included prescription drugs.

Disparities in Coverage by Population Characteristics

Income Disparities

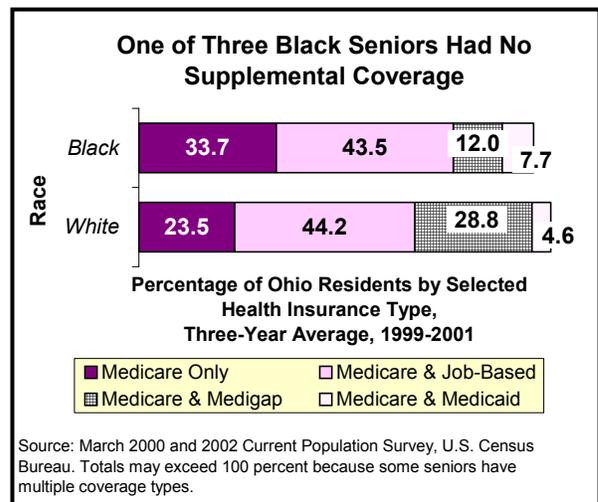
- In 2001, low-income Ohio seniors were about twice as likely as their higher-income counterparts to be without supplemental coverage (34 percent versus 18 percent).
- Only about one third (35 percent) of low-income seniors had job-based supplemental insurance in 2001, versus about half (54 percent) of middle- and high-income seniors. However, the income disparity in employer coverage declined significantly from 1999 to 2001. The percentage of low-income seniors reporting job-based coverage increased from 21 percent to 35 percent during this period, while the percentage of higher-income seniors with employer-based insurance did not change significantly.



- About one quarter of low-income seniors (24 percent) had Medigap insurance in 2001 and 8 percent reported having both Medicare and Medicaid coverage.

Racial Disparities^d

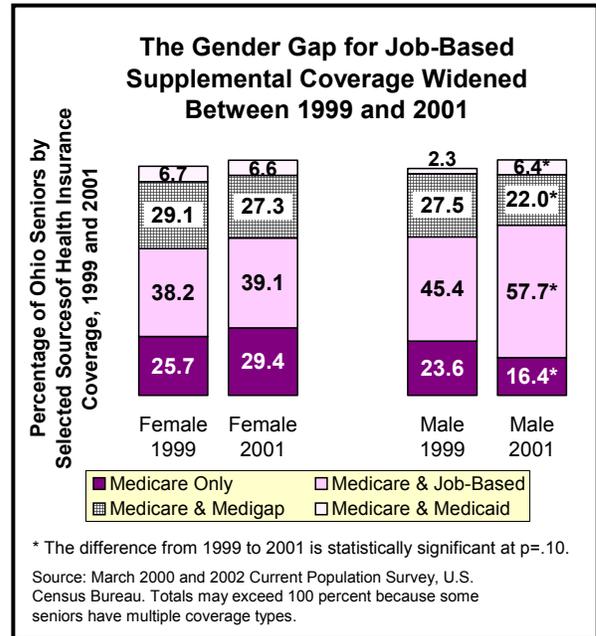
- One of three black Ohio seniors (34 percent) had no supplemental Medicare coverage in 1999-2001, versus one of four white seniors (24 percent).
- Only 12 percent of black seniors purchased Medigap insurance, versus 29 percent of white seniors. Both races were equally likely to report having job-based supplemental coverage.
- Black seniors appeared slightly more likely to have both Medicare and Medicaid coverage, although the difference was not statistically significant.



^d Three-year averages are presented in this section because there were not enough black seniors interviewed for reliable single-year estimates. There were also too few Asian, Hispanic or other minority group interviews for analysis.

Gender Disparities

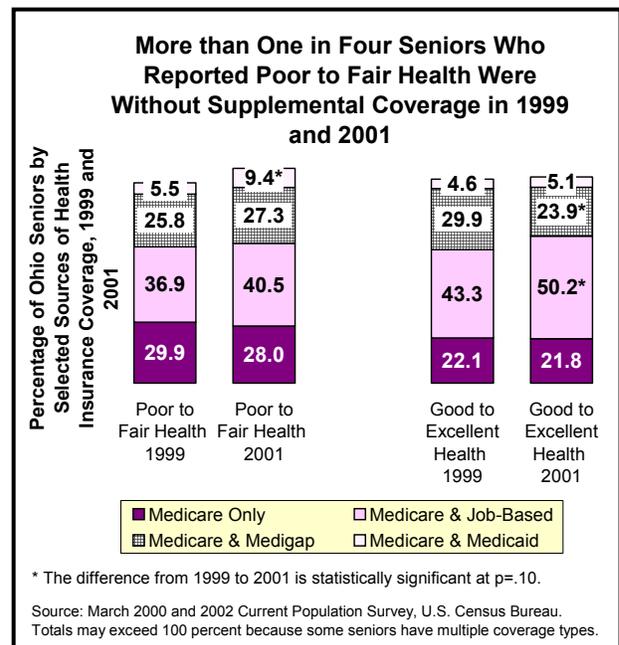
- Women were about twice as likely as men to lack supplemental coverage in 2001 (29 percent versus 16 percent), primarily because men were more likely to have a job-based supplemental plan (58 percent versus 39 percent).
- From 1999 to 2001, the gender gap in employer coverage for seniors widened significantly. The percentage of male seniors with job-based supplemental plans increased from 45 percent in 1999 to 58 percent in 2001, while the percentage of female seniors with job-based supplemental plans did not change significantly.



- The percentage of men reporting coverage from both Medicare and Medicaid increased from 2 percent in 1999 to 6 percent in 2001, while the percentage of women with both coverages did not change significantly. In 2001, senior men were about as likely as senior women to report coverage through Medicaid.
- The percentage of men with directly purchased Medigap coverage fell from 28 percent in 1999 to 22 percent in 2001, while the percentage of women with Medigap did not change significantly.

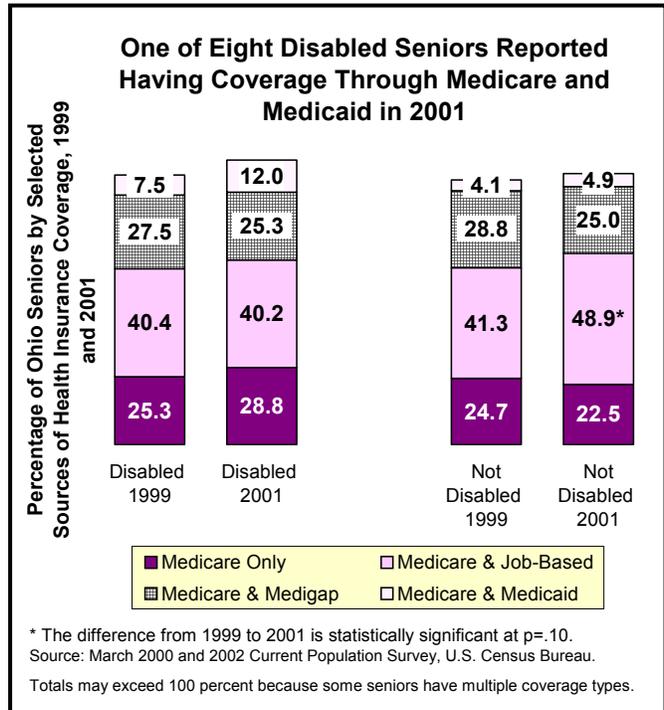
Health and Disability Status

- In 1999 and 2001, Ohio seniors in poor or fair health were more likely to lack supplemental coverage than their counterparts in good to excellent health.
- Only 41 percent of seniors in poor or fair health had coverage through an employer in 2001, compared to half (50 percent) of seniors in good to excellent health.
- From 1999 to 2001, the percentage of seniors in poor or fair health who reported having supplemental



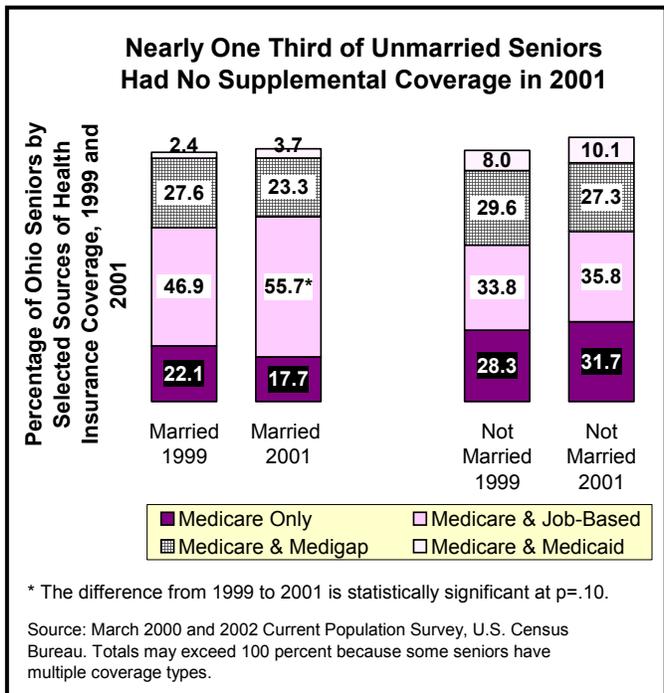
Medicaid coverage increased from 6 percent to 9 percent.

- For seniors in good to excellent health, job-based supplemental coverage increased from 1999 to 2001 while Medigap coverage declined.
- Among disabled seniors, 12 percent reported having supplemental Medicaid coverage in 2001.
- Job-based coverage increased significantly for seniors who were not disabled.



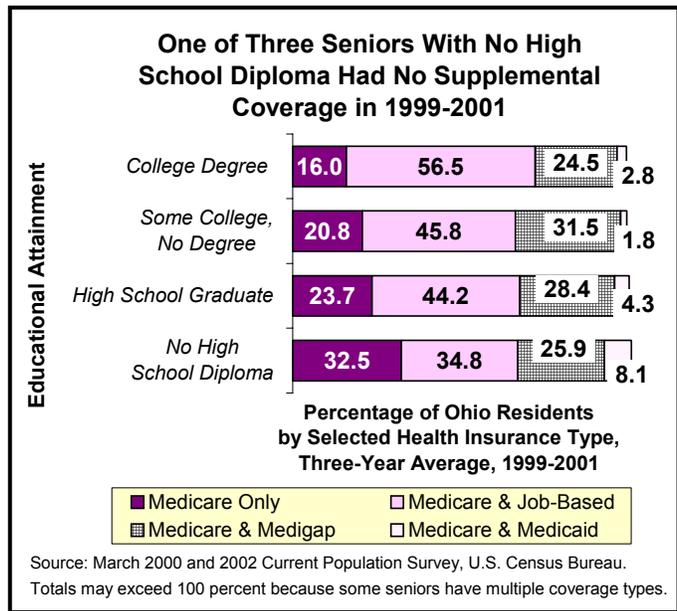
Marital Status

- Nearly one-third (32 percent) of unmarried Ohio seniors had no supplemental coverage in 2001, versus 18 percent of married seniors.
- Married seniors were much more likely than unmarried seniors to have job-based supplemental coverage (56 percent versus 36 percent), while unmarried seniors were more likely to report coverage from both Medicare and Medicaid (10 percent versus 4 percent).
- From 1999 to 2001, the prevalence of job-based supplemental plans increased for married seniors.



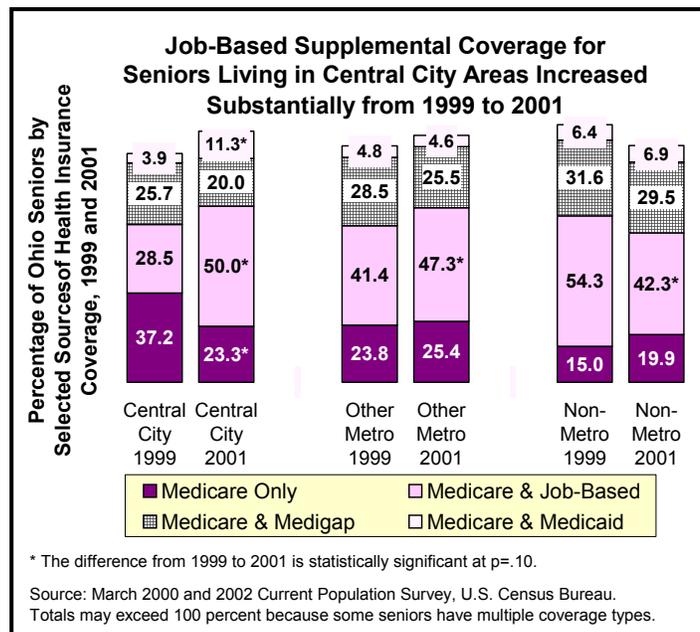
Educational Attainment^e

- In 1999-2001, the probability of having no supplemental coverage declined with educational attainment. One-third (33 percent) of seniors without a high school diploma had no supplemental insurance in 2001, versus about one-quarter (24 percent) of high school graduates and one-sixth (16 percent) of seniors with college degrees.
- The disparities in supplemental coverage are primarily due to differences in job-based coverage. Only about one-third (35 percent) of seniors without a high school diploma had job-based coverage, versus 44 percent of high school graduates and 57 percent of seniors with college degrees.



Geographic Disparities

- In 1999, Ohio seniors living in central city and other metropolitan areas were more likely to be without supplemental coverage than non-metropolitan residents.^f By 2001, these differences had narrowed and were no longer statistically significant.
- The percentage of central city seniors who reported having job-based supplemental coverage increased from 29 percent in 1999 to 50 percent in 2001, and the percentage with Medicaid coverage increased from 4 percent to 11 percent. The percentage of seniors living in other metropolitan areas who had job-based coverage also increased significantly from 41 percent to 47 percent.



^e Three-year averages are presented in this section because there were not enough college graduates interviewed to calculate reliable single-year estimates.

^f Other metropolitan areas are census tracts within metropolitan areas not defined as central city areas by the U.S. Census Bureau.

However, job-based coverage rates for seniors in non-metropolitan areas declined from 54 percent to 42 percent.

- In 2001, seniors living in central city areas were most likely to be insured by Medicaid, but less likely than non-metropolitan residents to be covered by Medigap plans.

Discussion

Most Ohio seniors had supplemental Medicare coverage in 1999 and 2001. Nearly half had job-based coverage and about one-quarter directly purchased Medigap insurance. However, one in four Ohio seniors had no supplemental coverage, and nearly one-fourth had no prescription drug coverage. Seniors who were low-income, black, female, in poor or fair health, unmarried or without a high school diploma were most likely to lack supplemental coverage.

From 1999 to 2001, job-based supplemental coverage rates increased significantly for seniors who were age 75 and older, male, low-income, married, not disabled, and living in metropolitan areas. The reason for this increase is not clear, but it was not a phenomenon unique to Ohio. The average reported rate of employer coverage in the U.S. increased slightly overall and for some of these population groups, but the magnitude of the changes was much smaller in the United States compared to Ohio. Employer coverage also increased significantly for low-income and central city residents in Michigan, but decreased for these population groups in Illinois. The relatively small sample size for many population groups at the state level may have contributed to the greater volatility of state level estimates.

The last two years of double-digit increases in health care premiums and a stagnant economy appear to be reversing the reported gains in job-based coverage. Recent national surveys have revealed that many employers have reduced the availability of coverage for seniors. In 2002, 13 percent of large U.S. employers reported that they terminated coverage for future retirees within the past two years. In addition, nearly one in four large employers (22 percent) predicted that they were very or somewhat likely to terminate benefits for future retirees within the next three years.⁵

Many seniors with job-based supplemental coverage have recently experienced substantial increases in premiums and cost-sharing requirements. Among job-based retiree plans for seniors, average premiums increased by 40 percent from 2001 to 2003. Additional increases of 15 percent or more are expected next year.⁴ Retirees are absorbing their share of these increases. From 2001 to 2002, the average premium share for newly retired seniors who were insured by large private sector employers increased by 20 percent. In addition, more than one-third of these employers (35 percent) reported that they increased cost-sharing requirements such as deductibles, out-of-pocket limits and co-payments within the past two years. Furthermore, most large employers reported that they were “very likely” to increase both retiree contributions (64 percent) and cost sharing requirements (54 percent) within the next three years.⁵

Notes

All statistics unless otherwise stated are based on tabulations of the March 2000, 2001, and 2002 Annual Demographic Supplements to the Current Population Survey (CPS) conducted by the U.S. Census Bureau.

References to statistical significance refer to 90 percent confidence intervals. Standard errors and tests for statistical significance were based on tables and calculations recommended by the Census Bureau on their Web site at <http://www.bls.census.gov/cps/ads/adsmain.htm>. State estimates from the CPS often have relatively high variability due to small sample size. Margins of error for some Ohio health insurance coverage estimates in this report exceeded 5 percentage points for seniors who were black, low-income, unmarried, disabled and living in central city or non-metropolitan areas.

CPS respondents were asked whether they had any kind of health insurance coverage at any time in the previous calendar year. This means that the 2002 CPS may understate the effect of the economic recession in 2001 because respondents who lost coverage during 2001 would have been classified as insured as long as they reported having some coverage during the year. However, several studies have suggested that there is significant recall error for the insurance questions in the CPS because some respondents do not remember coverage that they had in the previous year. Recall error is more likely for respondents who had coverage for a short time period early in the year. The CPS also underreports Medicare and Medicaid coverage compared to enrollment and participation data from the Centers for Medicare and Medicaid Services (CMS). According to the CPS, 1,417,849 Ohio seniors participated in Medicare during 2001, while 99,397 were enrolled in Medicaid. Administrative records from the Centers for Medicare and Medicaid Services indicate that 1,479,747 Ohio seniors were covered by Medicare in July 2001.⁶ The Ohio Department of Job and Family Services reported 151,963 elderly Medicaid beneficiaries during Fiscal Year 2001.⁷

Health insurance coverage information in this report may vary slightly from previously published Census Bureau statistics. This is because the Census Bureau recently released an expanded sample for the 2001 CPS and revised weights based on the 2000 Census for the 2000 and 2001 CPS. This report includes the expanded sample and weighting updates that were not included in earlier Census Bureau reports and tabulations.

The information in this report is not directly comparable to health insurance coverage estimates for earlier years. In 2000, the CPS included a new verification question that significantly increased the reported rate of private health coverage. The year 1998 Ohio Family Health Survey (OFHS) results were based on different sampling frames and different sets of health insurance coverage questions than the CPS. For example, most of the published information about insurance coverage from the OFHS was based on reported insurance status the week before surveyed, while the CPS attempts to measure insurance status during the previous calendar year. Estimates prior to the 2000 CPS also were based on Census Bureau population projections from the 1990 census enumeration, while estimates from the 2000-2002 CPS were based on the 2000 census enumeration and projections.

References

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³ *Kaiser/Commonwealth/ Tufts/New England Medical Center Eight State Study of Seniors Prescription Coverage, Use, and Spending, 2001.*, as reported in "Prescription Drug Coverage and Seniors: How Well Are States Closing the Gap", DG Sagan et. al., *Health Affairs* – Web Exclusive, July 31, 2002, pp. W253-W268.

⁴ *2003 Health Care Cost Survey: Report of Key Findings*, Towers Perrin, 2003.

⁵ *The Current State of Retiree Health Benefits: Findings from the Kaiser/Hewitt 2002 Retiree Health Survey*, December 2002.

⁶ "Medicare Enrollment - Aged Beneficiaries As Of July 2001", U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services, cms.hhs.gov/statistics/enrollment/st01aged.asp

⁷ *Ohio Medicaid Report, January 2003 Update*, Ohio Department of Job and Family Services, Office of Ohio Health Plans

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