

# **TRENDS IN PRESCRIPTION DRUG COVERAGE OF MEDICARE BENEFICIARIES, 1993-1997**

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Report prepared for the Assistant Secretary for Planning and Evaluation,  
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May 15, 2001

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## EXECUTIVE SUMMARY

Between 1993 and 1997 the fraction of noninstitutionalized Medicare beneficiaries with some type of prescription drug coverage increased from 65 percent to nearly 75 percent. However, this impressive growth was not shared by all. Beneficiary groups with the highest coverage rates in 1993 generally experienced little growth in prescription benefits over the next four years. These included disabled beneficiaries under age 45, Hispanics, and beneficiaries reporting poor health or selected chronic conditions such as Alzheimer's and mental disorders. The beneficiary groups with the greatest gains in coverage all had relatively low coverage rates at the beginning of the period: the near poor (\$10,000 to \$20,000 annual incomes) and persons reporting excellent health or no chronic health problems. As a result, by 1997, the gap between the "haves" and "have nots" had closed considerably—except for rural residents. Medicare beneficiaries residing in rural areas were the least likely of any major demographic group to have prescription coverage in both 1993 and 1997.

The decade of the 1990s witnessed major shifts in sources of prescription coverage. The number of Medicare beneficiaries who obtained drug benefits from Medicare HMOs nearly tripled from 4 percent in 1993 to 11 percent in 1997. The proportion of beneficiaries with employer-sponsored and individual Medigap policies increased by 10 percent each (to 28 percent and 11 percent of the Medicare population, respectively, in 1997). Persons with multiple plans and unknown sources of coverage grew from 1 in 10 beneficiaries in 1993 to 1 in 7 four years later. On the other hand, coverage under Medicaid and other public programs declined by over 20 percent. In 1997 just 13 percent of Medicare beneficiaries had public prescription benefit coverage.

The data source for this study (MCBS Cost and Use files) permitted an evaluation of changes in the continuity of drug coverage for the last three years of the study period (1995 to 1997). In each of these three years, 26 percent of all Medicare beneficiaries with prescription coverage had it for only part of the year. Some groups had consistently high rates of part-year coverage. These included the oldest old (over 80), rural residents, the near poor (annual incomes between \$10,000 and \$20,000), persons suffering from Alzheimer's, and Medigap policy holders. For other groups (notably African Americans) gains in prescription coverage obtained between 1995 and 1997 were accounted for primarily by part-year plans. The biggest gains in stable year-round coverage were on behalf of the healthiest beneficiaries. Enrollees in Medicare HMOs accounted for the largest growth in part-year coverage. These trends raise important questions about how improvements in prescription coverage are distributed across the Medicare population, the stability of that coverage, and whether recent changes in the availability of private prescription plans have placed additional groups at risk.

## INTRODUCTION

This report describes trends in prescription drug coverage of noninstitutionalized Medicare beneficiaries from 1993 to 1997 for the entire population and for selected demographic subgroups. The estimates are derived from the Medicare Current Beneficiary Survey (MCBS) Cost and Use survey files from 1993 to 1997. The analysis is restricted to beneficiaries with full-year Medicare entitlement in order to permit comparisons of those with year-round and part-year coverage. In a previous study using this methodology we found that the characteristics of beneficiaries with full-year entitlement closely match those of the entire Medicare population.<sup>1</sup> The balance of this report highlights important findings at the population level and for subgroups defined by age, gender, race and ethnicity, marital status, urban/rural residence, income, self-reported health status, and 10 chronic conditions common among Medicare beneficiaries. Subgroups with the largest gains and losses in prescription coverage over the period, 1993 to 1997 are also highlighted.

Because prescription coverage of Medicare beneficiaries is highly dynamic, the method chosen to represent change can make a significant difference in study findings.<sup>2</sup> This report utilizes two methods of estimating prevalence of prescription coverage. The first is a point estimate of coverage at any time during a particular year. Since this measure can be computed for all years during the study time span, we characterize trends in "any coverage" versus "no coverage" in the Medicare population from 1993 through 1997. Beginning in 1995, the MCBS provides sufficient detail on dates of plan operation for us to characterize continuity of prescription benefits during the year. Using these plan dates, we present a second measure of drug coverage that distinguishes individuals with year-round and part-year coverage for 1995 through 1997.

### ANY COVERAGE VERSUS NO COVERAGE

Between 1993 and 1997 the share of noninstitutionalized Medicare beneficiaries with some type of prescription drug coverage increased from 65 percent to nearly 75 percent (Figure 1). Annual increases over this period averaged about 2.5 percent, with a small decline in 1994 followed by steady growth thereafter. The largest annual increase in coverage occurred between 1994 and 1995. As shown in Table 1, all of the beneficiary groups that we examined experienced improved coverage from the beginning of the period to the end, although a few groups (notably beneficiaries with incomes under \$5,000 or suffering from Alzheimer's) experienced losses in the first few years that were later recouped.

Prescription coverage varies widely by population characteristics. In 1993, the lowest rate of coverage of any group (55 percent) was for persons who reported having none of the

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<sup>1</sup> Stuart, B., Shea D., Briesacher, B. Issue Brief: Prescription Drug Costs for Medicare Beneficiaries—Coverage and Health Status Matter. New York: The Commonwealth Fund, January 2000.

<sup>2</sup> Stuart, B., Shea D., Briesacher, B. "Dynamics in Prescription Coverage of Medicare Beneficiaries: Finders, Losers, Switchers." *Health Affairs*, forthcoming, March/April 2001.

10 common chronic conditions we tracked. The highest coverage rate (77 percent) was for disabled beneficiaries under age 45. By 1997, the lowest coverage rates were for rural residents (63 percent) and the highest for persons with incomes over \$40,000 (81 percent). Over the five-year period, coverage for beneficiaries under age 45 grew just 2.1 percent compared to 27 percent for persons reporting none of the 10 chronic conditions. Figure 2 summarizes the characteristics of Medicare beneficiaries who had the largest and smallest gains in coverage. In general, those with the biggest increases were more favorably disposed (i.e., better health status and higher income) than those with the smaller increases.

Changes in coverage must be evaluated against the level at which the group began. Four of the five demographic subgroups experiencing the largest growth in prescription drug coverage also had among the lowest average coverage rates in 1993. These included persons in excellent health status, persons with no chronic illnesses, persons with incomes between \$10,000 and \$20,000 per year, and individuals aged 75 to 79. Not all groups with below-average prescription coverage in 1993 experienced significant gains. Rural residents and the oldest old (over age 80) were much less likely than their peers to have prescription coverage in 1993, and although both groups gained coverage, they still remained below the population average in 1997. Conversely, the smallest growth in prescription drug coverage occurred among beneficiaries with the highest average levels in 1993. Gains in coverage below 5 percent were recorded for persons with annual incomes under \$10,000, Hispanics, those reporting Alzheimer's disease or mental disorders, and disabled beneficiaries under age 45. All had above-average coverage in 1993. The net effect of slower growth among those starting out with higher prescription coverage and faster growth among those with lower levels of prescription coverage was a more even distribution in coverage at the end of the period. This shift is evident within most of the demographic subgroups shown in Table 1. For example the spread between the highest and lowest rates of prescription coverage by age group was 16.8 percentage points in 1993 (between the under age 45 and over age 80). That difference had dropped to 9.6 percentage points by 1997. For self-reported health status the spread was 9.6 percentage points in 1993, but only 2.9 percentage points in 1997. There was greater equality across racial groups (at least among blacks, whites, and Hispanics) in 1997 compared to 1993. In two areas (marital status and geographic residence) disparities in prescription coverage grew over the study period. The difference in coverage rates between urban and rural beneficiaries is particularly noteworthy—a 16.3 percentage point spread in 1997 compared to 11.3 percent in 1993.

The dramatic improvement in drug coverage recorded for many groups of Medicare beneficiaries coincided with major changes in the market for prescription benefits between 1993 and 1997. As Table 3 shows, most of the new prescription coverage added during this period came from Medicare HMOs and individuals covered under multiple plans. Private Medigap coverage and employer coverage showed only modest growth over this period (and actually declined a bit between 1996 and 1997), while coverage from public sources (including Medicaid, state pharmaceutical assistance plans, the VA, and CHAMPUS) experienced a steady decline. Given widespread reports of favorable selection into Medicare

HMOs,<sup>3</sup> it is probably no coincidence that Medicare HMO enrollment nearly tripled from 4 to 11 percent of the Medicare population at the same time that record numbers of persons in good health obtained prescription coverage.

## TRENDS IN CONTINUITY OF PRESCRIPTION COVERAGE

As noted above, MCBS data permit more detailed characterization of the continuity of prescription coverage of Medicare beneficiaries beginning in 1995. In this section we profile beneficiaries with coverage for the entire year (that is coverage was held for a full 12 months) versus part-year (coverage for 1 to 11 months). Full and part-year coverage add up to "any coverage," the measure used in the previous section. Figure 3 shows trends in prescription coverage by all three coverage measures from 1995 through 1997. During this three-year period, the proportion of beneficiaries with full-year coverage rose by 4.2 percentage points (from 51.1 to 55.3 percent), while part-year coverage rose by 1.5 percentage points (from 17.9 to 19.4 percent). Our prior work has shown that few individuals with part-year coverage in a given year move on to full year coverage in the following year. We thus conclude that part-year coverage is inherently unstable.<sup>4</sup> The distinction is important because continuity of coverage makes a significant difference in access to and use of prescription medicines.<sup>5</sup>

Table 3 summarizes changes in the continuity of prescription coverage of Medicare beneficiaries from 1995 to 1997. Three major findings emerge from the data in this table. First, a sizable proportion of the beneficiary population with prescription coverage has it for only part of the year. Second, there is wide variability among beneficiary groups in terms of the stability of coverage. Third, this variability increased markedly between 1995 and 1997.

In each of the three years for which we are able to compute continuity of prescription coverage, an average of 26 percent of the covered population maintained only part-year benefits. The range of values around this mean varied from a low of 19.8 percent (Hispanics) to a high of 31.1 percent (persons with Alzheimer's) in 1995. Two years later, the range of beneficiaries with unstable benefits varied from 17.3 percent (under age 45) to 34.7 percent (Alzheimer's). While there is variability within each group of beneficiaries, age stands out as a particularly important factor, with younger disabled beneficiaries exhibiting the most stable coverage and the oldest old having the least stable benefits. Indeed, the spread in benefit stability between the under 45 and over 80 age groups was 9.5 percentage points in 1995 and 11.1 percentage points in 1997. There are also racial and ethnic differences, with nonHispanic blacks and whites exhibiting significantly less stable benefits than Hispanics. The urban/rural differences in prescription coverage described in the previous section are

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<sup>3</sup> Gold, M, Nelson L, Brown, R, et al. "Disabled Medicare Beneficiaries in HMOs," *Health Affairs* 16(5):149-162, September/October 1997.

<sup>4</sup> Stuart, B., Shea D., Briesacher, B. "Dynamics in Prescription Coverage of Medicare Beneficiaries: Finders, Losers, Switchers." *Health Affairs*, 20(2):86-99, March/April 2001.

<sup>5</sup> Stuart, B., Shea D., Briesacher, B. Issue Brief: Prescription Drug Costs for Medicare Beneficiaries—Coverage and Health Status Matter. New York: The Commonwealth Fund, January 2000.

actually more pronounced when stability of coverage is taken into account. Not only are rural beneficiaries less likely to have any drug coverage, the coverage they do obtain is less stable than their urban counterparts. As expected, income is a strong predictor of stability of prescription benefits. Those with the highest incomes tend to have the most stable benefits. The near poor (\$10,000 to \$20,000 annual incomes) have the least stable benefits, while the poorest beneficiaries are in between (no doubt because of the Medicaid program). The stability of coverage also varies by health status and chronic conditions, but no obvious pattern emerges from these data.

The final column in Table 3 shows the net change in part-year coverage by population characteristics between 1995 and 1997 (negative values denote improved stability of coverage, positive values greater instability). Were the pattern of stable-versus-unstable coverage persistent over time the values shown in this column would all be close to zero. As it turns out, stability is also non-persistent. Both the biggest differences and largest swings from one year to the next affected beneficiaries in relatively good health. Those reporting their health status as excellent were much more likely to have stable prescription benefits in 1997 compared to 1995. On the other hand, persons reporting no chronic health problems were much more likely to have unstable benefits in 1997 than in 1995. The swing in both cases was about 5 percentage points. Other significant changes are seen for the under 45 disabled population (improved stability), persons reporting poor health status (improved stability), beneficiaries with Alzheimer's (increased instability), the near poor (increased instability) and blacks (increased instability; indeed virtually all of the improvement in prescription coverage for this group was accounted for by part-year benefits). One measure of the non-persistence of stable drug coverage is the spread between the groups with the most and least stable coverage each year. In 1995 the spread was 11.3 percentage points. In 1997 it had risen to 17.4 percentage points.

These trends in the stability of prescription coverage (or lack of it, as the case may be) derive from changes in the underlying market for drug benefits. Figures 4 to 7 show the distribution of beneficiaries by year-round and part-year coverage from the four major sources of prescription benefits: employers, individual Medigap plans, Medicare HMOs, and Medicaid. Looking across the four charts, it is obvious that Medicaid and employer-sponsored plans offer more secure drug benefits compared to the other sources. In 1995, 81 percent of those with prescription benefits from an employer plan had year-round coverage (Figure 4), while almost 90 percent of those with Medicaid maintained year-round coverage (Figure 7). The stability of employer coverage actually improved between 1995 and 1997. By contrast, beneficiaries with drug coverage from Medigap plans (Figure 5) were split almost evenly between those with full-year and part-year benefits. Medicare HMOs represented a relatively stable source of prescription benefits in 1995, when only 17 percent of enrollees had part-year prescription coverage, but the degree of stability declined in 1996 and 1997 when between 26 and 29 percent of HMO enrollees had only part-year coverage.

When all sources of prescription benefits are considered together, the pattern of year-round and part-year coverage that emerges is shown in Table 4. Over 40 percent of all Medicare beneficiaries with stable prescription benefits during the 1995 to 1997 period

obtained them from employer-sponsored plans. Beneficiaries with drug coverage from Medicaid, Medicare HMOs, and multiple plans/unknown sources each constituted about 14 percent of the population with stable benefits in 1997. Overall, the patterns of year-round coverage changed relatively little between 1995 and 1997. Not so for part-year coverage. As might be expected, the largest group of beneficiaries with unstable, part-year coverage have multiple plans or unknown sources of coverage. This group comprised more than 30 percent of all persons with part-year benefits in every year, with a slight upward trend of about 2 percent per year. The next largest group with unstable benefits are beneficiaries with employer-sponsored drug benefits. In 1995, 30 percent of all beneficiaries with part-year coverage fell into this category, but that had dropped to just 21 percent by 1997. Tacking up the slack were enrollees in Medicare HMOs. This group constituted only 7 percent of beneficiaries with unstable coverage in 1995, but almost 15 percent by 1997.

## **SUMMARY AND CONCLUSIONS**

The five years between 1993 and 1997 represented a dynamic period of growth in prescription coverage of Medicare beneficiaries. All groups benefited from this growth to some degree. In general, those with the lowest rates of coverage in 1993 had the greatest gains, thereby reducing disparities in prescription benefits across classes of beneficiaries grouped by demographic, economic, and health status characteristics. It is important to note, however, that reducing disparities does not necessarily imply improved access to pharmaceutical services for those in the greatest need. In fact, the two groups with the biggest gains in prescription coverage were persons reporting their health as excellent and having none of 10 common chronic health problems. The smallest gains were recorded for disabled beneficiaries under age 45, Hispanics, persons with annual income under \$5,000, and persons with Alzheimer's and mental illness.

Gains in drug coverage largely bypassed Medicare beneficiaries in rural America. In 1993 just 56 percent of rural residents had drug benefits. Five years later it was 63 percent. But over the same period, coverage of urban residents rose from 64 to 76 percent. This growing inequality is troubling because rural beneficiaries tend to be older, live alone, have lower incomes, and be in poorer health.

The proportion of Medicare beneficiaries with stable year-round drug benefits was a constant 74 percent of those with any coverage over the period 1995 and 1997. The 26 percent with unstable drug benefits faced gaps in coverage of varying duration and a much higher risk of losing coverage altogether. Beneficiaries with the least stable benefits also tend to have other risk factors relating to age (the oldest old), income (annual incomes between \$10,000 and \$20,000), health status (poor), and residence (living in nonmetropolitan areas). Although the proportion of beneficiaries with unstable coverage did not increase between 1995 and 1997, there was greater volatility across beneficiary groups over time. Particularly large swings in the proportion of coverage accounted for by stable benefits were recorded by

African Americans (down), persons in excellent health (up), persons reporting no chronic health problems (down), and the under 45 disabled population (up).

These trends reflect the impact of a major shift in source of prescription coverage from public to private plans. In 1997, 13 percent of beneficiaries obtained drug coverage from public sources, down from 16 percent in 1993. Enrollments in private plans, on the other hand, grew by 9 percentage points from 38 to 47 percent of the Medicare population. This shift may explain why the more disadvantaged beneficiary groups experienced little improvement in drug benefits compared to rest of the Medicare population. The disabled, the poor, and the oldest old are much more likely to rely on public programs for drug coverage. There is also evidence that beneficiaries were engaged in more prescription plan shopping toward the end of the decade as reflected by the growth in coverage from multiple plans and unknown sources between 1993 and 1997.

Over half of the total gain in private drug coverage experienced by Medicare beneficiaries during this period was accounted for by growth in Medicare HMO enrollments. Given that the HMO market is largely restricted to urban counties, it is understandable that beneficiaries residing in these areas experienced much greater improvements in drug coverage compared to rural residents. The growth in Medicare HMO enrollment also appears to be a factor in the persistence of unstable, part-year prescription coverage over this period.

Since 1997, the market for prescription benefits has continued to evolve. The Balanced Budget Act of 1997 subsumed Medicare risk HMO plans under the new Medicare+Choice moniker. Revisions to HMO capitation rates under Medicare+Choice have resulted in substantial reductions in offers of prescription benefits as well as widespread plan withdrawals from counties nationwide.<sup>6</sup> It is too soon to tell whether the slide has reversed the trend in improved drug coverage portrayed in this report. Data from the 1998 MCBS show that prescription coverage rates failed to improve for the first time since the MCBS began tracking drug coverage in 1992.<sup>7</sup> Further analysis of the 1998 MCBS will be necessary to determine whether the stability of coverage was also affected.

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<sup>6</sup> Mary A. Laschober; Patricia Neuman; Michelle S. Kitchman; Laura Meyer; Kathryn M. Langwell Medicare HMO Withdrawals: What Happens To Beneficiaries? *Health Affairs*, 18(6):150-157

<sup>7</sup> John Poisal; Lauren Murray. Growing Differences Between Medicare Beneficiaries With and Without Drug Coverage *Health Affairs*, 20(2):74-85.

**Table 1: Characteristics of Noninstitutionalized Medicare Beneficiaries with Prescription Drug Coverage, 1993 to 1997 (Coverage at Any Time During the Year)**

| Population Characteristics    | Percent of Beneficiaries |       |       |       |       | Net change<br>1993-1997 |
|-------------------------------|--------------------------|-------|-------|-------|-------|-------------------------|
|                               | 1993                     | 1994  | 1995  | 1996  | 1997  |                         |
| All Beneficiaries             | 64.6%                    | 64.3% | 68.9% | 71.6% | 74.7% | 15.6%                   |
| Age                           |                          |       |       |       |       |                         |
| Under 45                      | 77.0                     | 69.9  | 74.0  | 72.6  | 78.6  | 2.1                     |
| 45-64                         | 70.3                     | 66.7  | 70.2  | 74.0  | 77.9  | 10.8                    |
| 65-69                         | 66.0                     | 64.2  | 70.2  | 76.1  | 78.0  | 18.2                    |
| 70-74                         | 65.6                     | 66.5  | 70.2  | 71.2  | 75.8  | 15.5                    |
| 75-79                         | 62.4                     | 64.0  | 68.3  | 70.6  | 74.1  | 18.8                    |
| 80+                           | 60.2                     | 60.1  | 65.4  | 67.4  | 69.0  | 14.6                    |
| Gender                        |                          |       |       |       |       |                         |
| Female                        | 64.1                     | 63.1  | 68.2  | 71.4  | 74.0  | 15.4                    |
| Male                          | 65.3                     | 65.8  | 69.9  | 71.9  | 75.6  | 15.8                    |
| Race/ethnicity                |                          |       |       |       |       |                         |
| White nonHispanic             | 63.4                     | 63.0  | 67.9  | 70.8  | 74.0  | 16.7                    |
| Black nonHispanic             | 68.2                     | 68.8  | 72.0  | 71.7  | 76.4  | 12.0                    |
| Hispanic                      | 74.7                     | 72.5  | 75.7  | 80.6  | 79.0  | 5.8                     |
| Marital status                |                          |       |       |       |       |                         |
| Married                       | 64.1                     | 65.2  | 70.2  | 73.4  | 76.2  | 18.9                    |
| Single/widowed/divorced       | 65.3                     | 63.1  | 67.5  | 69.6  | 72.9  | 11.6                    |
| Geographic residence          |                          |       |       |       |       |                         |
| Urban                         | 67.5                     | 67.8  | 73.0  | 75.7  | 78.9  | 16.9                    |
| Rural                         | 56.2                     | 53.9  | 57.6  | 60.4  | 62.6  | 11.4                    |
| Annual income                 |                          |       |       |       |       |                         |
| Under \$5,000                 | 68.9                     | 65.1  | 65.6  | 71.6  | 71.5  | 3.8                     |
| 5,001-10,000                  | 65.9                     | 64.0  | 66.1  | 68.8  | 73.1  | 10.9                    |
| 10,001-20,000                 | 58.5                     | 58.6  | 64.5  | 66.7  | 70.3  | 20.2                    |
| 20,001-30,000                 | 66.4                     | 66.9  | 72.0  | 73.7  | 76.9  | 15.8                    |
| 30,001-40,000                 | 71.5                     | 70.9  | 75.9  | 79.5  | 78.9  | 10.3                    |
| 40,001-50,000                 | 74.2                     | 74.0  | 80.2  | 80.4  | 81.1  | 9.3                     |
| 50,001+                       | 70.0                     | 71.1  | 76.8  | 79.8  | 80.8  | 15.4                    |
| Self-reported health status   |                          |       |       |       |       |                         |
| Excellent                     | 60.7                     | 60.8  | 67.5  | 70.5  | 73.6  | 21.3                    |
| Very Good                     | 63.0                     | 62.4  | 67.7  | 70.5  | 74.1  | 17.6                    |
| Good                          | 64.2                     | 64.4  | 69.5  | 71.5  | 74.1  | 15.4                    |
| Fair                          | 68.6                     | 67.9  | 69.5  | 73.4  | 76.4  | 11.4                    |
| Poor                          | 70.3                     | 68.5  | 72.2  | 74.3  | 76.5  | 8.8                     |
| Self-reported Chronic Illness |                          |       |       |       |       |                         |
| None reported                 | 54.6                     | 54.6  | 61.6  | 65.4  | 69.1  | 26.6                    |
| Alzheimer's                   | 74.2                     | 72.5  | 70.2  | 68.9  | 77.3  | 4.2                     |
| Arthritis                     | 65.9                     | 65.8  | 69.1  | 72.9  | 76.2  | 15.6                    |
| Cancer                        | 64.8                     | 63.6  | 69.3  | 71.1  | 73.9  | 14.0                    |
| Chronic Lung Disease          | 69.0                     | 67.5  | 73.0  | 77.6  | 76.8  | 11.3                    |
| Diabetes                      | 70.9                     | 69.8  | 73.1  | 75.0  | 78.5  | 10.7                    |
| Heart condition               | 68.5                     | 68.8  | 71.3  | 74.1  | 76.6  | 11.8                    |
| Hypertension                  | 67.3                     | 67.2  | 71.1  | 73.5  | 76.2  | 13.2                    |
| Mental Disorder               | 75.8                     | 74.7  | 74.7  | 76.0  | 80.5  | 6.2                     |
| Osteoporosis                  | 68.4                     | 66.0  | 69.5  | 73.9  | 75.5  | 10.4                    |
| Stroke                        | 69.3                     | 67.3  | 69.9  | 72    | 77.3  | 11.5                    |

Source: MCBS 1993-1997

**Table 2: Trends in Source of Prescription Drug Coverage for Noninstitutionalized Medicare Beneficiaries, 1993 to 1997 (Coverage at Any Time During the Year)**

| Source of Prescription Coverage | Percent of Beneficiaries with Any Prescription Coverage |       |       |       |       | Net Change, 1993-97 |
|---------------------------------|---------------------------------------------------------|-------|-------|-------|-------|---------------------|
|                                 | 1993                                                    | 1994  | 1995  | 1996  | 1997  |                     |
| Single source of coverage       |                                                         |       |       |       |       |                     |
| Employer                        | 25.6%                                                   | 25.9% | 27.9% | 28.1% | 28.0% | 9.3%                |
| Medigap                         | 7.8                                                     | 9.6   | 8.5   | 8.9   | 8.6   | 10.9                |
| Medicare HMO                    | 4.1                                                     | 5.0   | 7.4   | 8.2   | 10.7  | 157.5               |
| Medicaid                        | 11.3                                                    | 11.5  | 9.9   | 9.3   | 9.1   | -19.0               |
| Other Public                    | 4.6                                                     | 4.7   | 4.2   | 3.9   | 3.6   | -22.1               |
| Multiple plans/unknown source   | 11.2                                                    | 11.3  | 11.1  | 13.1  | 14.7  | 31.3                |

Source: MCBS 1993-1997

**Table 3. Trends in the Continuity of Prescription Drug Coverage of Noninstitutionalized Medicare Beneficiaries, 1995 and 1997**

| Population Characteristics  | Beneficiaries with Any Coverage in 1995 |                    |                    | Beneficiaries with Any Coverage in 1997 |                    |                    | Net percentage point change in part-year coverage 1995-1997 |
|-----------------------------|-----------------------------------------|--------------------|--------------------|-----------------------------------------|--------------------|--------------------|-------------------------------------------------------------|
|                             | Any coverage                            | Full-year Coverage | Part-year Coverage | Any coverage                            | Full-year Coverage | Part-year Coverage |                                                             |
| All Beneficiaries           | 68.9%                                   | 74.0%              | 26.0%              | 74.7%                                   | 74.0%              | 26.0%              | 0.0%                                                        |
| Age                         |                                         |                    |                    |                                         |                    |                    |                                                             |
| Under 45                    | 74.0                                    | 79.5               | 20.5               | 78.6                                    | 82.7               | 17.3               | -3.2                                                        |
| 45-64                       | 70.2                                    | 74.2               | 25.8               | 77.9                                    | 71.9               | 28.1               | 2.3                                                         |
| 65-69                       | 70.2                                    | 74.9               | 25.1               | 78.0                                    | 75.4               | 24.6               | -0.5                                                        |
| 70-74                       | 70.2                                    | 76.1               | 23.9               | 75.8                                    | 74.5               | 25.5               | 1.5                                                         |
| 75-79                       | 68.3                                    | 75.7               | 24.3               | 74.1                                    | 73.5               | 26.5               | 2.1                                                         |
| 80+                         | 65.4                                    | 70.0               | 30.0               | 69.0                                    | 71.6               | 28.4               | -1.6                                                        |
| Gender                      |                                         |                    |                    |                                         |                    |                    |                                                             |
| Female                      | 68.2                                    | 76.2               | 23.8               | 74.0                                    | 75.9               | 24.1               | 0.3                                                         |
| Male                        | 69.9                                    | 71.4               | 28.6               | 75.6                                    | 71.7               | 28.3               | -0.3                                                        |
| Race/ethnicity              |                                         |                    |                    |                                         |                    |                    |                                                             |
| White nonHispanic           | 67.9                                    | 73.3               | 26.7               | 74.0                                    | 73.4               | 26.6               | 0.0                                                         |
| Black nonHispanic           | 72.0                                    | 76.5               | 23.5               | 76.4                                    | 73.4               | 26.6               | 3.1                                                         |
| Hispanic                    | 75.7                                    | 80.2               | 19.8               | 79.0                                    | 80.3               | 19.7               | -0.1                                                        |
| Marital status              |                                         |                    |                    |                                         |                    |                    |                                                             |
| Married                     | 70.2                                    | 73.8               | 26.2               | 76.2                                    | 74.3               | 25.7               | -0.5                                                        |
| Single/widowed/divorced     | 67.5                                    | 74.5               | 25.5               | 72.9                                    | 73.8               | 26.2               | 0.7                                                         |
| Geographic residence        |                                         |                    |                    |                                         |                    |                    |                                                             |
| Urban                       | 73.0                                    | 75.3               | 24.7               | 78.9                                    | 75.4               | 24.6               | -0.1                                                        |
| Rural                       | 57.6                                    | 70.5               | 29.5               | 62.6                                    | 69.0               | 31.0               | 1.5                                                         |
| Annual income               |                                         |                    |                    |                                         |                    |                    |                                                             |
| Under \$5,000               | 65.6                                    | 73.3               | 26.7               | 71.5                                    | 75.7               | 24.3               | -2.3                                                        |
| 5,001-10,000                | 66.1                                    | 76.1               | 23.9               | 73.1                                    | 78.2               | 21.8               | -2.2                                                        |
| 10,001-20,000               | 64.5                                    | 69.8               | 30.2               | 70.3                                    | 67.4               | 32.6               | 2.3                                                         |
| 20,001-30,000               | 72.0                                    | 73.5               | 26.5               | 76.9                                    | 72.7               | 27.3               | 0.8                                                         |
| 30,001-40,000               | 75.9                                    | 78.0               | 22.0               | 78.9                                    | 76.2               | 23.8               | 1.8                                                         |
| 40,001-50,000               | 80.2                                    | 79.6               | 20.4               | 81.1                                    | 82.0               | 18.0               | -2.4                                                        |
| 50,001+                     | 76.8                                    | 79.0               | 21.0               | 80.8                                    | 79.8               | 20.2               | -0.8                                                        |
| Self-reported health status |                                         |                    |                    |                                         |                    |                    |                                                             |
| Excellent                   | 67.5                                    | 72.1               | 27.9               | 73.6                                    | 77.7               | 22.3               | -5.6                                                        |
| Very Good                   | 67.7                                    | 75.5               | 24.5               | 74.1                                    | 75.4               | 24.6               | 0.0                                                         |
| Good                        | 69.5                                    | 75.1               | 24.9               | 74.1                                    | 73.0               | 27.0               | 2.1                                                         |
| Fair                        | 69.5                                    | 74.0               | 26.0               | 76.4                                    | 73.3               | 26.7               | 0.7                                                         |
| Poor                        | 72.2                                    | 70.2               | 29.8               | 76.5                                    | 73.9               | 26.1               | -3.6                                                        |
| Chronic Illness*            |                                         |                    |                    |                                         |                    |                    |                                                             |
| None reported               | 61.6                                    | 74.7               | 25.3               | 69.1                                    | 69.8               | 30.2               | 4.9                                                         |
| Alzheimer's                 | 70.2                                    | 68.9               | 31.1               | 77.3                                    | 65.3               | 34.7               | 3.6                                                         |
| Arthritis                   | 69.1                                    | 74.4               | 25.6               | 76.2                                    | 74.5               | 25.5               | -0.2                                                        |
| Cancer                      | 69.3                                    | 74.2               | 25.8               | 73.9                                    | 73.2               | 26.8               | 1.0                                                         |
| Chronic Lung Disease        | 73.0                                    | 74.9               | 25.1               | 76.8                                    | 73.7               | 26.3               | 1.2                                                         |
| Diabetes                    | 73.1                                    | 76.5               | 23.5               | 78.5                                    | 73.8               | 26.2               | 2.7                                                         |
| Heart condition             | 71.3                                    | 75.0               | 25.0               | 76.6                                    | 75.1               | 24.9               | 0.0                                                         |
| Hypertension                | 71.1                                    | 73.6               | 26.4               | 76.2                                    | 74.4               | 25.6               | -0.9                                                        |
| Mental Disorder             | 74.7                                    | 74.3               | 25.7               | 80.5                                    | 74.7               | 25.3               | -0.4                                                        |
| Osteoporosis                | 69.5                                    | 77.8               | 22.2               | 75.5                                    | 77.0               | 23.0               | 0.9                                                         |
| Stroke                      | 69.9                                    | 72.4               | 27.6               | 77.3                                    | 72.1               | 27.9               | -0.3                                                        |

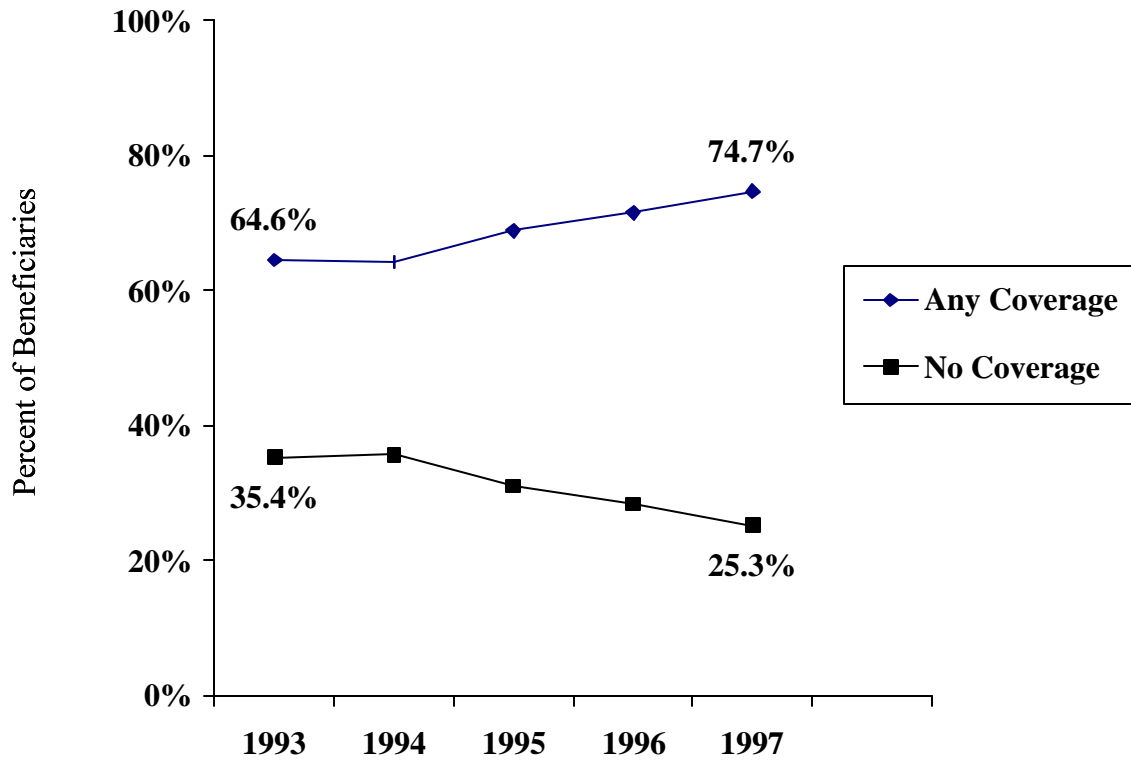
Source: MCBS 1993-1997

**Table 4. Distribution of Noninstitutionalized Medicare Beneficiaries by Continuity and Source of Prescription Coverage, 1993-1997**

| Continuity and Source of Prescription Coverage | Percent of Beneficiaries |       |       |
|------------------------------------------------|--------------------------|-------|-------|
|                                                | 1995                     | 1996  | 1997  |
| <b>Year-Round Coverage</b>                     |                          |       |       |
| Single Plan                                    |                          |       |       |
| Employer                                       | 44.1%                    | 45.0% | 43.1% |
| Medigap                                        | 8.7                      | 8.7   | 8.3   |
| MHMO                                           | 12.0                     | 11.0  | 14.2  |
| Medicaid                                       | 17.2                     | 16.1  | 14.7  |
| Other Public                                   | 6.7                      | 6.0   | 5.1   |
| Multiple Plans or Source not reported          | 11.3                     | 13.2  | 14.6  |
| Totals                                         | 100%                     | 100%  | 100%  |
| <b>Part-Year Coverage</b>                      |                          |       |       |
| Single Plan                                    |                          |       |       |
| Employer                                       | 30.0%                    | 23.1% | 21.3% |
| Medigap                                        | 22.5                     | 22.9  | 20.8  |
| MHMO                                           | 7.1                      | 12.6  | 14.5  |
| Medicaid                                       | 6.0                      | 4.5   | 5.3   |
| Other Public                                   | 4.2                      | 4.2   | 4.0   |
| Multiple Plans or Source not reported          | 30.1                     | 32.7  | 34.2  |
| Totals                                         | 100%                     | 100%  | 100%  |

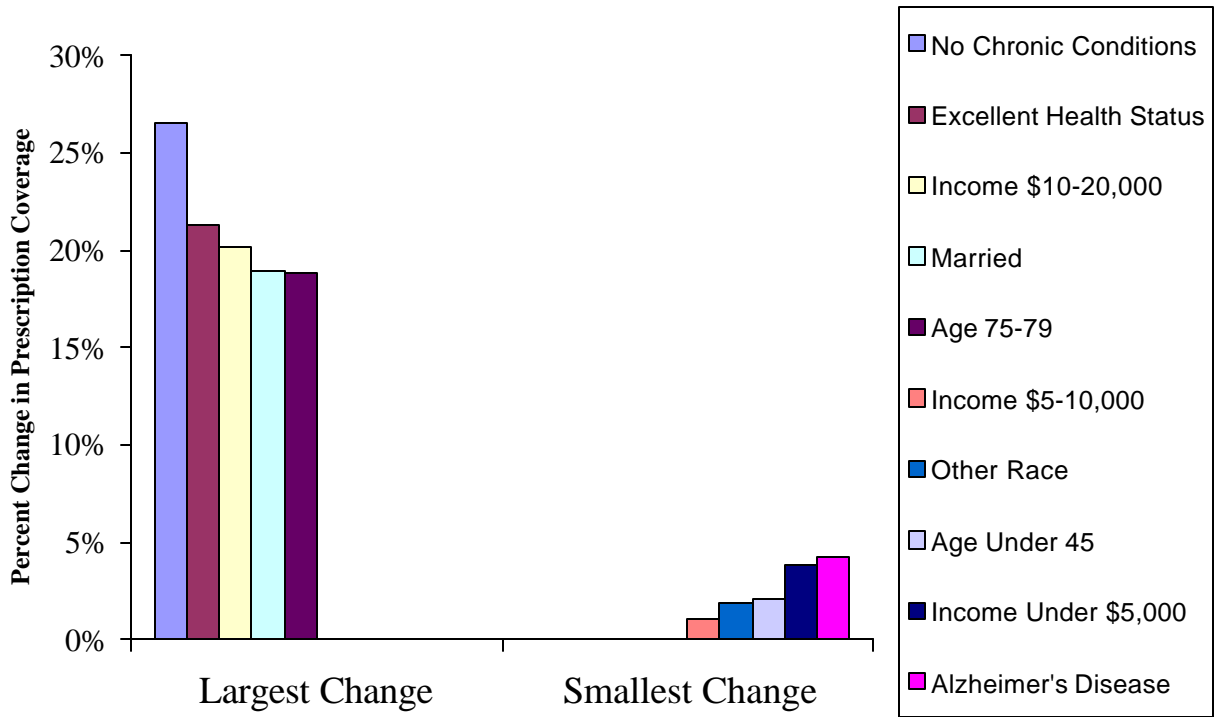
Source: MCBS 1995-1997

**Figure 1. Trends in Prescription Drug Coverage of Noninstitutionalized Medicare Beneficiaries 1993-1997 (Coverage at Any Time During the Year)**



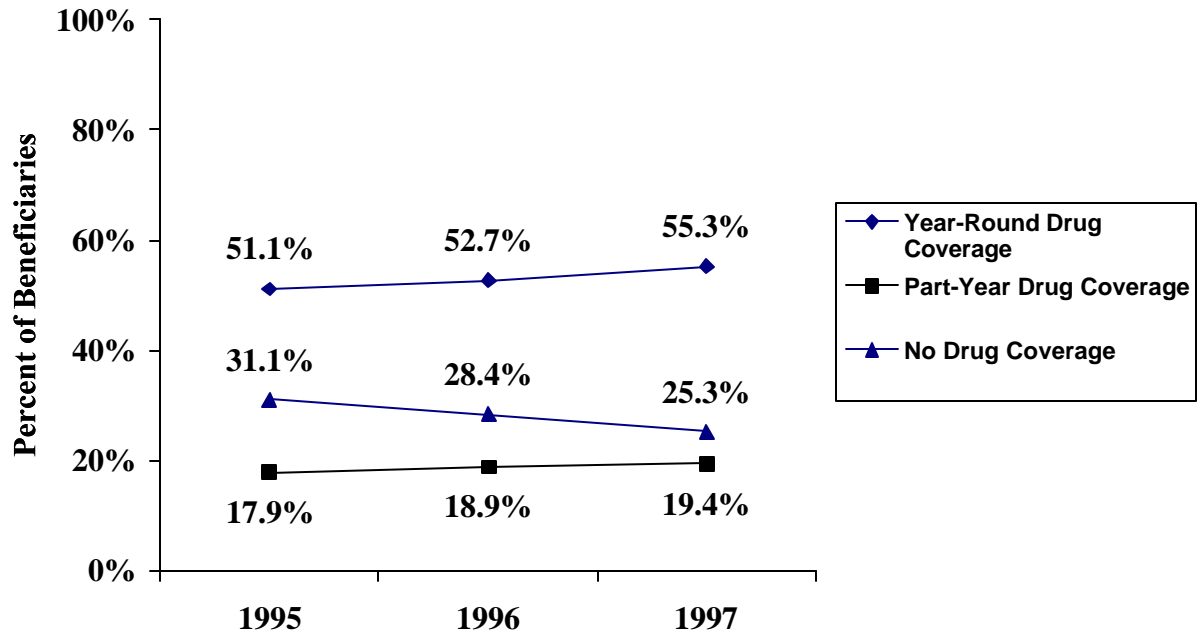
Source: MCBS 1993-1997

**Figure 2: Medicare Beneficiary Groups with the Largest and Smallest Increases in Prescription Drug Coverage Between 1993 and 1997 ( Coverage at Any Time During the Year)**



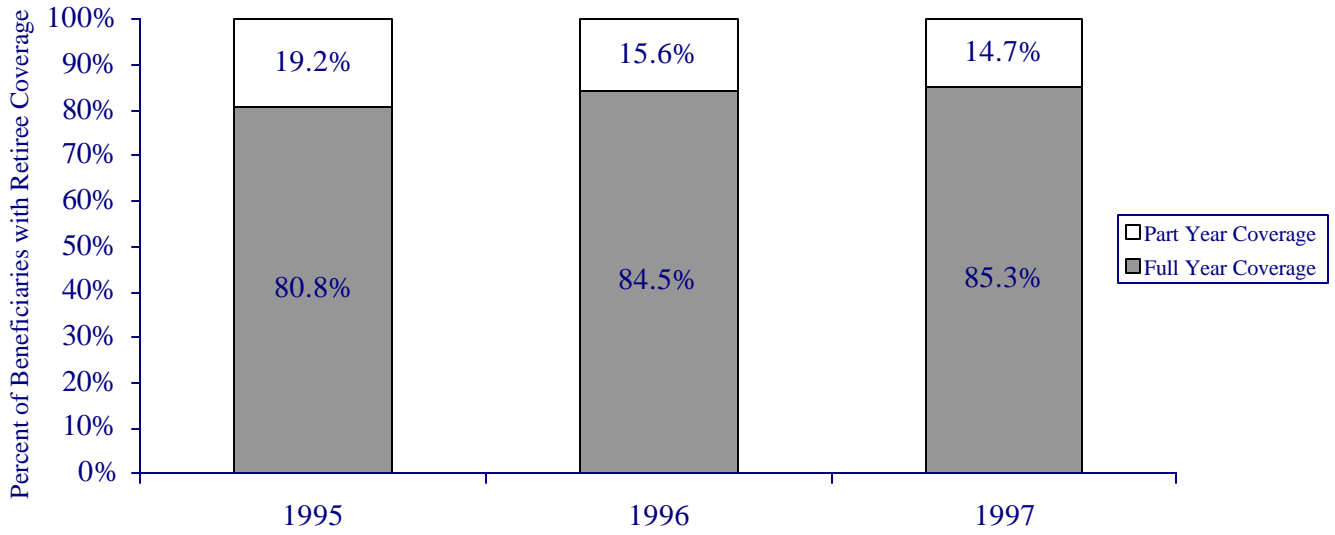
Source: MCBS 1995-1997

**Figure 3: Trend in Year-Round and Part-Year Prescription Drug Coverage for Noninstitutionalized Medicare Beneficiaries, 1995-1997**



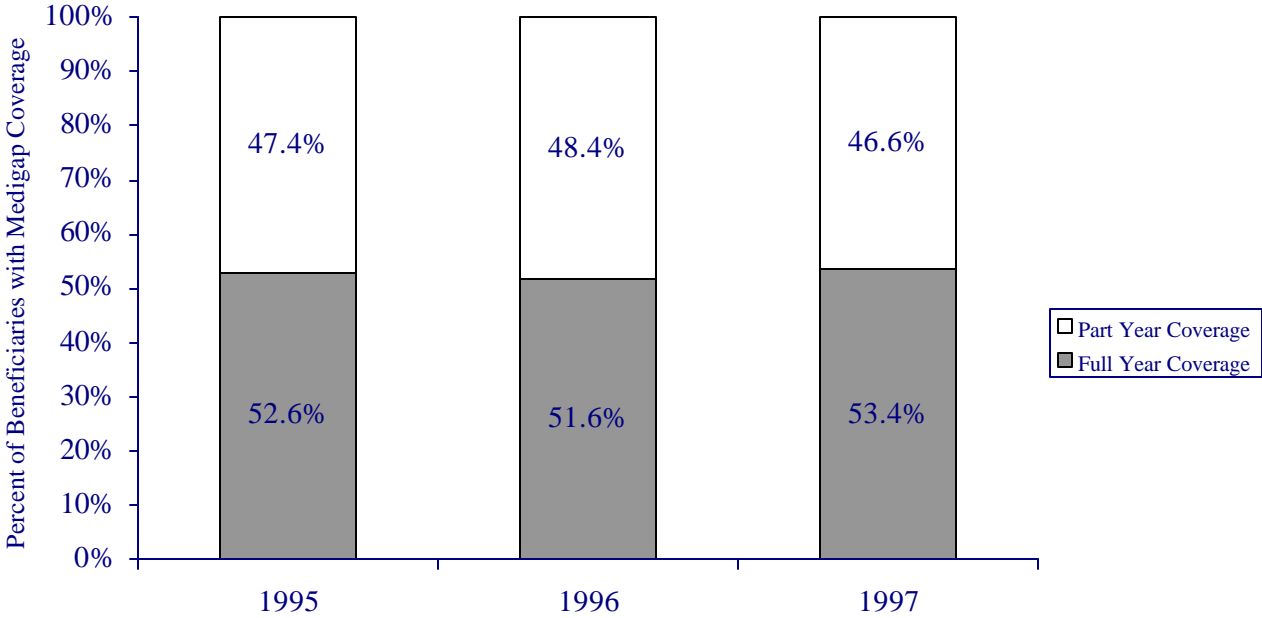
Source: MCBS 1995-1997

**Figure 4: Stability of Prescription Drug Coverage from Employer-Sponsored Plans for Noninstitutionalized Medicare Beneficiaries, 1995-1997**



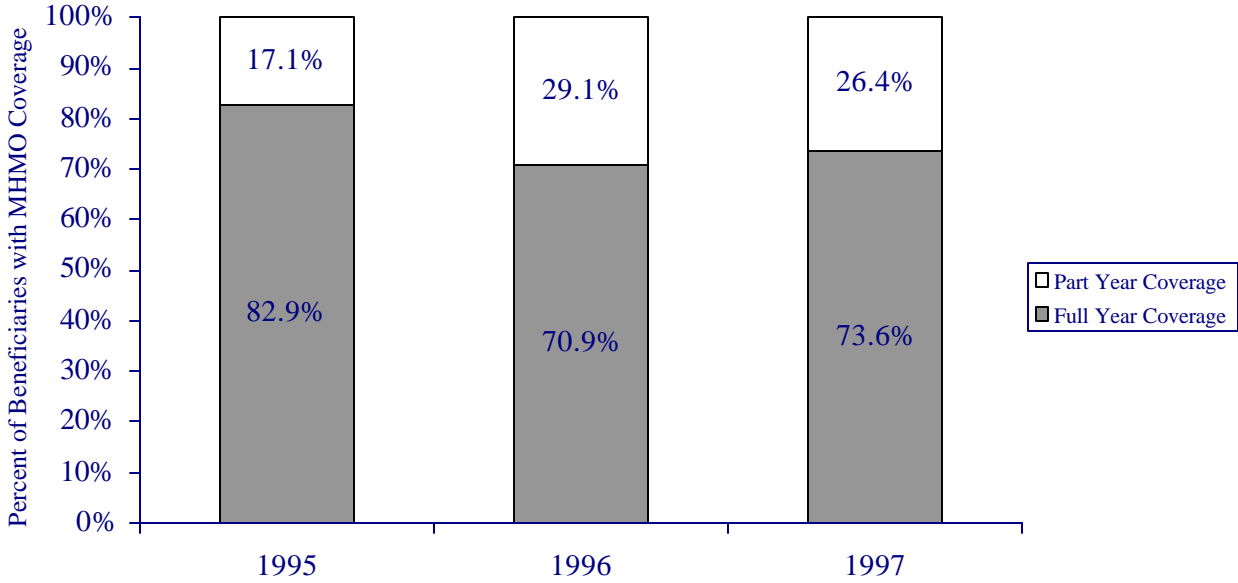
Source: MCBS 1995-1997

**Figure 5: Stability of Prescription Drug Coverage from Medigap Plans for Noninstitutionalized Medicare Beneficiaries, 1995-1997**



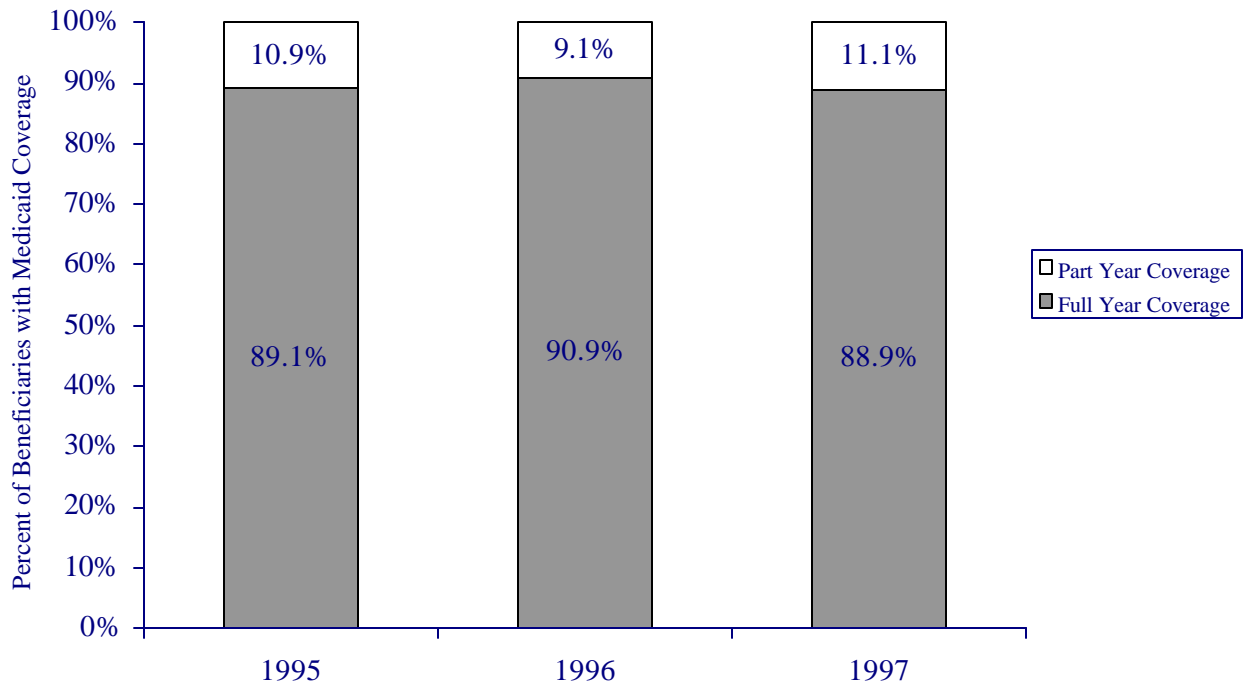
Source: MCBS 1995-1997

**Figure 6: Stability of Prescription Drug Coverage from Medicare HMOs for Noninstitutionalized Medicare Beneficiaries, 1995-1997**



Source: MCBS 1995-1997

**Figure 7: Stability of Prescription Drug Coverage from Medicaid for Noninstitutionalized Medicare Beneficiaries, 1995-1997**



Source: MCBS 1995-1997