

Medicare+Choice: Who Enrolls?

**Kenneth E. Thorpe
Adam Atherly
Kelly Howell**

Emory University

April 25, 2002

A Study Commissioned by the Blue Cross and Blue Shield Association

Medicare+Choice: Who Enrolls?

Executive Summary	3
Introduction	4
Section 1: Who Enrolls in Medicare+Choice?	5
Section 2: Effects on Choice of Ending Medicare+Choice	8
Conclusion	10
Appendix A: Data and Methods	11
Appendix B: Beneficiary Choice of Coverage in Selected Markets	12
Appendix C: Characteristics of Medicare Beneficiaries by Coverage Type	19

Executive Summary

Nationwide, five million Medicare beneficiaries depend on Medicare+Choice to fill the gaps in Medicare benefits. This study, sponsored by the Blue Cross Blue Shield Association, uses data from the latest *Medicare Current Beneficiary Survey* and the *Current Population Survey* to address two questions:

- Who enrolls in Medicare+Choice?
- What would those beneficiaries do if they had to find an alternative to Medicare+Choice?

Who Enrolls?

Medicare+Choice is the most popular choice of beneficiaries who do not have supplemental coverage through an employer or Medicaid.¹ The 5 million beneficiaries enrolled in Medicare+Choice represent 38.5 percent of Medicare beneficiaries who do not have supplemental coverage through Medicaid or a private employer – more than the 37.7 percent who purchase Medigap or the 23.8 percent who rely solely on Medicare.

Beneficiaries who are lower income are disproportionately likely to enroll in Medicare+Choice. Among beneficiaries earning \$10,000 to \$20,000 a year (without Medicaid or employer insurance), nearly 78 percent in Southern California, 67 percent in Philadelphia, and 51 percent in Florida enroll in Medicare+Choice.

African-American and Hispanic beneficiaries show a strong preference for Medicare+Choice. Nationally, 40.3 percent of African-Americans and 51.6 percent of Hispanics are enrolled in Medicare+Choice.

¹ Throughout this paper we refer to this group of Medicare beneficiaries as “choosers” or “eligibles.” The statistics reported throughout the paper refer to the percent choosing among M+C, Medigap, and Medicare only.

Medicare+Choice is especially popular among lower income and minority beneficiaries in such markets as California, South Florida, New York City, New Jersey, and Philadelphia. In Philadelphia, for example, 67 percent of eligible beneficiaries earning between \$10,000 and \$20,000 a year are enrolled in Medicare+Choice. In Southern California, 85 percent of eligible African Americans are enrolled in Medicare+Choice.

Alternatives to Medicare+Choice?

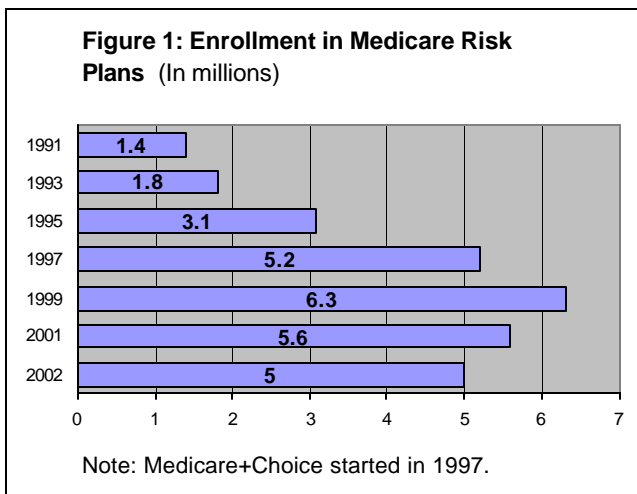
This study developed a model of individual choice that predicts the following, assuming Medicare+Choice were no longer available:

- 1.5 million current Medicare+Choice enrollees (30.3 percent) would choose to go without supplemental coverage. This would raise the total number of beneficiaries nationwide relying on Medicare only by 30 percent.
- African-Americans would be hard hit: three out of five African-American beneficiaries in counties that have Medicare+Choice plans would go without supplemental coverage.
- 900,000 enrollees (18 percent), would seek Medicaid coverage (including the SLMB and QMB programs), increasing the ranks of Medicaid programs in counties that have Medicare+Choice plans by one-third.
- The remaining 2.6 million enrollees (52 percent) would buy Medigap policies.

The disappearance of Medicare+Choice would have stronger effects on areas with high managed care penetration such as California, South Florida, New York City, New Jersey, and Philadelphia. For example, if Medicare+Choice were no longer available, the number of Medicare beneficiaries in Southern California without supplemental coverage would more than double.

Introduction

The Medicare+Choice program is in trouble. Established in 1997 to give Medicare beneficiaries a range of health coverage choices, the program has steadily been losing plans and enrollees since 1999. Between 1999 and 2001, HMO withdrawals and service area reductions disrupted coverage for 1.5 million beneficiaries.² After growing rapidly to 6.3 million beneficiaries in 1999, enrollment in Medicare+Choice has since declined to about 5 million beneficiaries, about 14 percent of Medicare beneficiaries (Figure 1).



Much of the decline in participation results from payment rate increases of only 2 percent annually for most plans in recent years – at a time when the costs to deliver medical services to enrolled Medicare beneficiaries have been increasing 5 percent to 9 percent annually. The Congressional Budget Office projects that if government payment rates continue to rise at current rates, further plan withdrawals will drive the proportion of Medicare beneficiaries enrolled in Medicare+Choice plans down to 8 percent by 2012.

That said, Medicare+Choice is still important to 5 million Medicare beneficiaries who rely on it for protection from Medicare's high out-of-pocket costs. Medicare+Choice enrollees get affordable coverage for desirable benefits not covered under

Medicare, such as prescription drugs, vision and hearing care services, and many preventive health care services.

Underscoring the importance of such supplemental coverage as Medicare+Choice provides is evidence that Medicare's high cost-sharing requirements result in less access to care for beneficiaries that rely on Medicare only. For example, the Medicare Payment Advisory Commission found that beneficiaries without supplemental coverage are more than three times as likely to have no usual source of care, and almost five times more likely to delay care due to cost.³

Purpose of this Study

This study addresses two important questions raised by the prospect of declining enrollment: (1) who depends on Medicare+Choice; and (2) what would those beneficiaries do if they had to find an alternative to Medicare+Choice? How many might be left with Medicare only?

Section 1 of this study uses data derived from the Medicare Current Beneficiary Survey to analyze the characteristics of beneficiaries who "actively choose" to either enroll in Medicare+Choice, buy a Medigap policy, or rely on Medicare only. This section assesses the relative importance of income and ethnicity on that choice decision.

Section 2 uses an individual choice model to predict the choices that current Medicare+Choice enrollees might make if the Medicare+Choice program was no longer available.

Appendix A describes the data and methods used in this study.

² Kaiser Family Foundation, "The Medicare Program: Medicare+Choice," September 2001.

³ *Report to the Congress: Medicare Payment Policy*, Medicare Payment Advisory Commission, March 2000.

Section 1: Who Enrolls in Medicare+Choice?

About 85 percent of Medicare beneficiaries have coverage to supplement Medicare:

- 31 percent (11 million) have supplemental coverage offered through a former employer.
- 12 percent (4.3 million) have Medicaid or other public coverage.
- 27 percent (9.4 million) buy individual supplemental policies known as Medigap.
- 14 percent (5.0 million) enroll in Medicare+Choice plans.

Relative Importance of Medicare+Choice

Seemingly small, the 14 percent figure actually understates the relative importance of Medicare+Choice to Medicare beneficiaries for two reasons. First, not all beneficiaries have the choice of joining a Medicare+Choice plan: only 25 million beneficiaries (71 percent) live in counties that have a Medicare+Choice plan with more than 50 subscribers. Second, if one assumes that the Medicare beneficiaries with Medicaid or employer-sponsored coverage find these supplemental benefits preferable to the alternatives, then the “**active choosers**” comprise only individuals enrolled in Medicare+Choice, covered by Medigap, or with Medicare only. As shown in Table 1 below, the population of active choosers numbers 13 million beneficiaries.

Table 1. Projected Supplemental Coverage Among Medicare Beneficiaries in 2002: Nationally, and in Counties with a Medicare+Choice Plan

Source of Coverage	Number of Beneficiaries (In millions)		% of Beneficiaries	
	National	M+C Markets	National	M+C Markets
Medicare Only	5.0	3.1	14%	12%
Medigap	9.4	4.9	27%	20%
Medicare + Choice	5.0	5.0	14%	20%
Employer-Sponsored Insurance	11.0	8.8	31%	35%
Medicaid*	4.3	2.8	12%	11%
Other Public**	0.4	0.4	1%	1%
Total	35.4	25.0	100%	100%

SOURCE: Medicare Current Beneficiary Survey and 2002 data from CMS. Totals exclude institutionalized population. Totals may not add due to rounding. * Includes SLMB and QMB; ** Includes state pharmaceutical assistance programs and other managed care plans (cost contracts and demonstrations).

Table 2 shows that 38.5 percent of the actively choosing beneficiaries enroll in Medicare+Choice plans. This exceeds the percentage of beneficiaries choosing to buy Medigap (37.7 percent), or choosing to rely on Medicare only (23.8 percent).

Table 2. Medicare Beneficiaries' Active Choices in Counties with an M+C Plan (In millions)

	Medicare Only	Medicare +Choice	Medigap	Total
Enrollees	3.1	5.0	4.9	13.0
Percent	23.8%	38.5%	37.7%	100%
<i>Race/Ethnic Group</i>				
White	19.5%	38.5%	42.0%	100%
African-American	46.9%	40.3%	12.8%	100%
Asian	40.8%	38.3%	20.9%	100%
Hispanic	37.2%	51.6%	11.2%	100%
Other	52.3%	44.1%	3.6%	100%
<i>Income</i>				
Under \$10K	38.5%	31.7%	29.8%	100%
\$10-20K	23.0%	39.8%	37.1%	100%
\$20-30K	13.0%	43.5%	43.4%	100%
\$30K +	15.6%	40.8%	43.5%	100%

SOURCE: CMS 2002 and 1998-99 Medicare Current Beneficiary Survey. Totals exclude institutionalized population. Totals may not add due to rounding.

Effects of Income and Ethnicity on Choice

As Table 2 suggests, Medicare beneficiaries' health coverage choices vary by income and ethnic background.

For instance, lower incomes are associated with a preference for Medicare+Choice over Medigap. Beneficiaries in each of the under \$30,000 income categories are more likely to enroll in Medicare+Choice than to buy Medigap. Only beneficiaries earning more than \$30,000 are more likely to buy Medigap (43.5 percent) than to enroll in Medicare+Choice (40.8 percent).

Ethnic minorities also show a preference for Medicare+Choice. African-American beneficiaries are somewhat more likely than white beneficiaries

to choose Medicare+Choice (40.3 percent versus 38.5 percent). Hispanic beneficiaries are much more likely than non-Hispanic white beneficiaries to choose Medicare+Choice (51.6 percent versus 38.5 percent).

In addition to differences in Medicare+Choice enrollment, Table 2 shows striking ethnic differences in the proportion of beneficiaries going without any supplemental coverage. While only 19.5 percent of white beneficiaries have Medicare only, 46.9 percent of African-American and 37.2 percent of Hispanic beneficiaries have Medicare only.

Analysis of Selected Markets

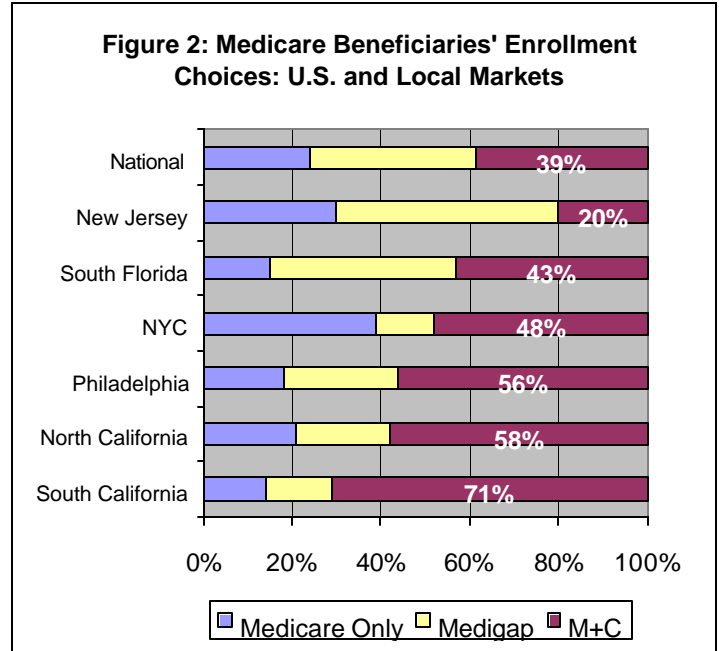
Though Medicare+Choice is a national program, the effects of ending Medicare+Choice would be concentrated in markets with high Medicare+Choice penetration rates. Six markets account for about 41 percent of the 5 million Medicare+Choice enrollees:

1. South California (870,000 enrollees).
2. North California (333,000 enrollees).
3. Philadelphia (232,000 enrollees).
4. South Florida (Miami-Ft. Lauderdale, 342,000 enrollees).
5. New Jersey⁴ (57,000 enrollees).
6. New York City (217,000 enrollees).

Figure 2 shows that the percentage of beneficiaries choosing Medicare+Choice varies greatly across markets. Medicare+Choice dominates Southern California with a 71 percent enrollment rate: Medicare+Choice enrolls at least one in every two beneficiaries in the Bay Area and Philadelphia; and Medicare+Choice enrolls a plurality of beneficiaries in South Florida, and in New York City.

⁴ Bergen, Essex, Middlesex, Monmouth, Morris, Passaic, Union counties.

As in the U.S. generally, beneficiaries living in these six markets who are lower income, African-American, or Hispanic, tend disproportionately to enroll in Medicare+Choice.



For example, figure 3 shows that among actively choosing beneficiaries who earn between \$10,000 and \$20,000 a year, nearly 78 percent of in Southern California, 67 percent in Philadelphia, and 51 percent in Florida enroll in Medicare+Choice.

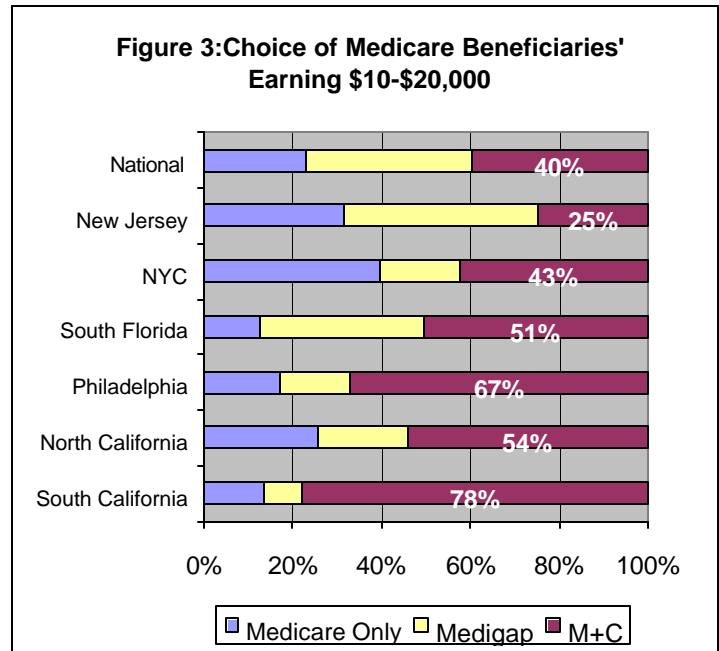
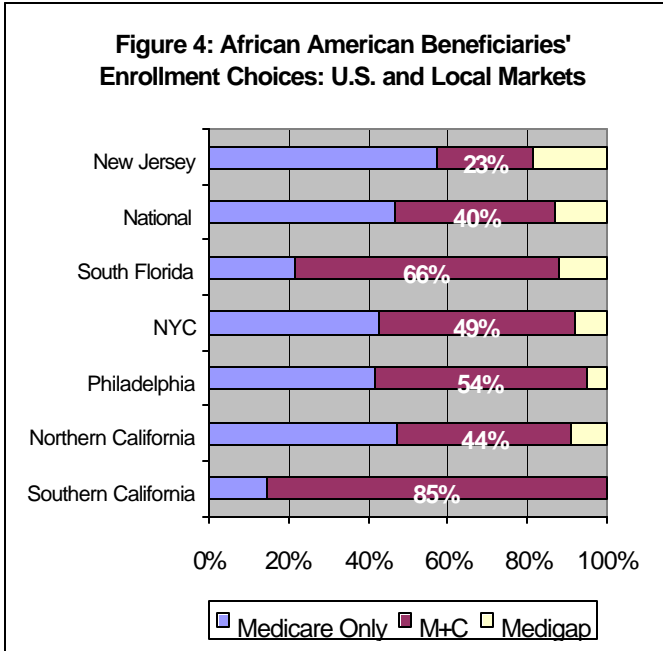
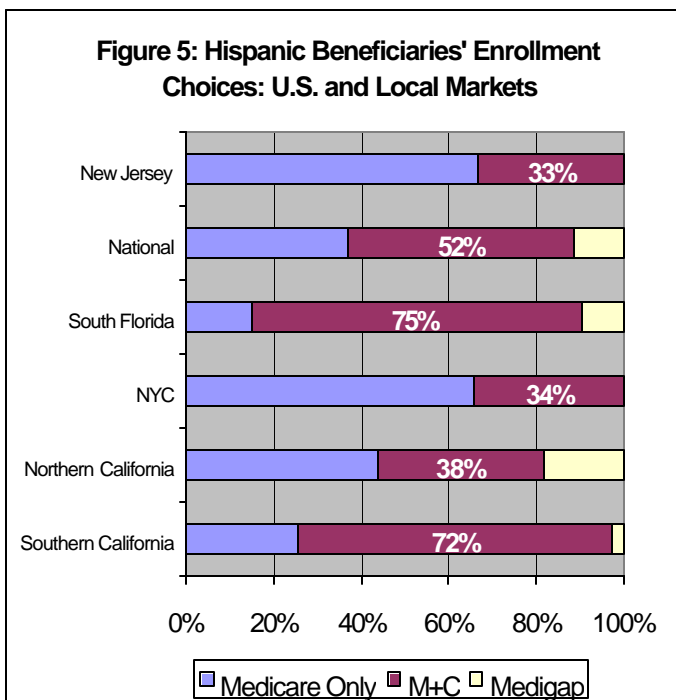


Figure 4 shows enrollment in Medicare+Choice among African-American beneficiaries.



Roughly 85 percent of the actively choosing African-American beneficiaries enroll in Southern California, as do 66 percent in South Florida, and 44 percent in Northern California.

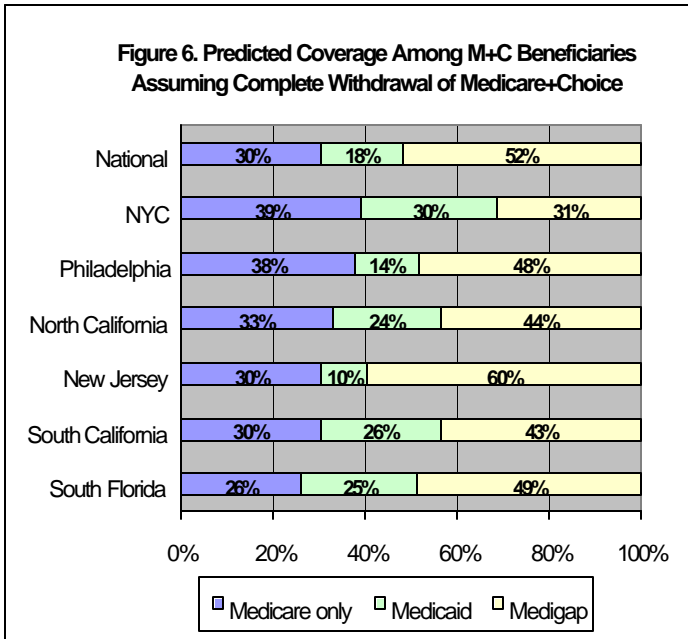


Similarly, Figure 5 shows Medicare+Choice enrollment among Hispanic beneficiaries. In South Florida, for instance, 75 percent of Hispanic beneficiaries chose to enroll in Medicare+Choice. Lower incomes among African-Americans and Hispanics probably contribute to these differences, but the gap is too large to be explained entirely by income.

This analysis confirms the importance to beneficiaries of Medicare+Choice, particularly in parts of the country with high-managed care penetration. If Medicare+Choice were to disappear, the effects would be felt hard by lower income, African-American, and Hispanic beneficiaries. The next Section discusses how current Medicare+Choice enrollees would respond if Medicare+Choice were no longer an option.

Section 2: Effects on Choice of Ending Medicare+Choice

To assess how Medicare beneficiaries would respond if they no longer had access to a Medicare+Choice plan, we used a complex model of individual choice to predict the probability of choice among Medicare only, Medigap, and (for those with incomes under \$20,000) Medicaid. Results for Medicare+Choice enrollees nationally, and in the seven high managed care penetration markets appear below in Figure 6.



Medicare-Only Coverage

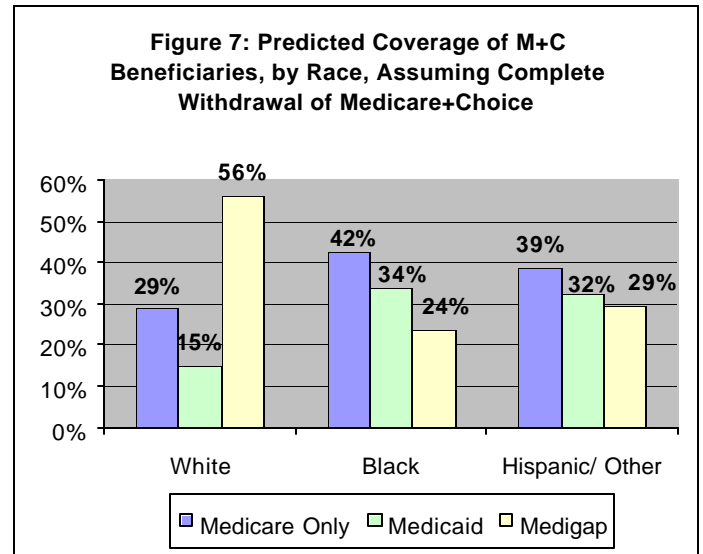
If Medicare+Choice was not available, the model predicts that 30.3 percent of the 5 million current Medicare+Choice enrollees (1.5 million beneficiaries) would rely on Medicare only, without supplemental coverage.⁵

Medicare+Choice enrollees' shift to Medicare-only would be especially pronounced in NYC – 39

⁵ Our prediction is consistent with earlier findings that 27 percent of Medicare+Choice enrollees whose plans withdrew from the program in 2000 were without supplemental coverage in 2000. Marcia Gold and Natalie Justh, "Forced Exit: Beneficiaries in Plans Terminating in 2000," no. 3 (Mathematica Policy Research), September 2000.

percent of current enrollees would choose Medicare only – and in Philadelphia – 38 percent would choose Medicare only.

Ending access to Medicare+Choice would have a disproportionate effect on African-American beneficiaries (see Figure 7). The model predicts that 42.3 percent of current African-American enrollees would rely on Medicare only – a rate almost 50 percent higher than among non-Hispanic white beneficiaries.



Medicaid

Ending access to Medicare+Choice would also shift many current Medicare+Choice enrollees to fiscally beleaguered state Medicaid programs. The model predicts that about 18 percent of Medicare+Choice enrollees (900,000 beneficiaries) would enroll in Medicaid or the QMB/SLMB programs. Medicaid eligibility requirements and other market factors would lead to much higher effects in some areas: in New York City the proportion joining Medicaid would be nearly 30 percent, and in Southern California, about 26 percent. The withdrawal of Medicare+Choice would raise overall Medicaid

enrollment in the counties with a Medicare+Choice plan by 32 percent.⁶

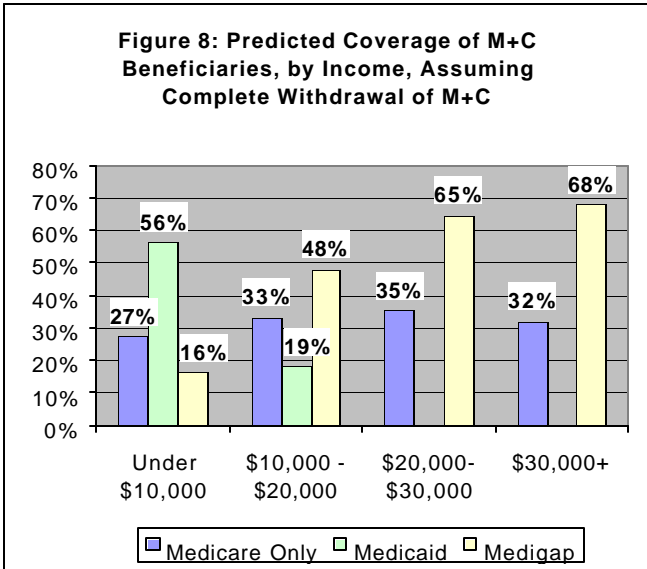
Would state Medicaid programs be able to accommodate such an increase? In light of widespread budgetary shortfalls, states may face significant pressure to limit Medicaid spending. If so, states may not make aggressive outreach efforts to enroll these beneficiaries, most of who would move to the Medicare-only category.

Medigap

Finally, the model predicts that about 52 percent of Medicare+Choice enrollees (2.6 million beneficiaries) would purchase Medigap policies, with choice varying significantly by income. Three in five of beneficiaries earning more than \$20,000 would buy Medigap; among those earning less than \$20,000, roughly one in three.

raise the total number of beneficiaries without supplemental coverage by 30 percent. Because enrollment in the Medicare+Choice program is not distributed evenly, the effects on some markets would be dramatic. In Southern California, for example, the number of beneficiaries with Medicare only would more than double.

The effect on the Medicare-only population would be especially dramatic for low-income and minority communities. In counties that now have Medicare+Choice, the number of African-Americans with Medicare only would rise by 35 percent, so that three in every five African-American beneficiaries would have no supplemental coverage.



Rise in Medicare-only Population

By shifting 1.5 million beneficiaries to Medicare only, the disappearance of Medicare+Choice would

⁶ The large number of current Medicare+Choice enrollees eligible for Medicaid may indicate that some beneficiaries prefer to be covered through Medicare+Choice, perhaps due to improved access to providers through their current plan.

Conclusion

Despite plan withdrawals, increases in cost sharing and higher premiums, Medicare beneficiaries continue to turn to Medicare+Choice to fill in the gaps in Medicare. When beneficiaries have an active choice among Medicare+Choice, Medigap, or Medicare-only, the plurality (38.5 percent) chooses to enroll in Medicare+Choice. The Medicare+Choice option is particularly important to lower income beneficiaries, and to beneficiaries who are African-American or Hispanic.

If Medicare+Choice were no longer available, then 1.5 million beneficiaries – more than half of whom earn less than \$20,000 a year – would likely rely on Medicare only. African-American beneficiaries would be especially hard hit.

The effects of these changes would be highly concentrated, possibly leading to significant disruption in markets with high Medicare+Choice penetration. For example, doubling the number of Medicare beneficiaries without supplemental insurance could put a heavy burden on health care providers struggling to balance their expenses.

Important as Medicare+Choice is today for lower income and for minority Medicare beneficiaries, it may become even more important in the future because of erosion in the bedrock of supplemental coverage, employer-sponsored insurance. Recent surveys show that fewer and fewer employers are offering retiree health coverage, and those that do are raising premiums.⁷

⁷ A 2001 Mercer survey found that 23 percent of large employers offered supplemental health coverage to Medicare-eligible retirees this year, down from 24 percent last year and 41 percent in 1995. *Wall Street Journal*, December 10, 2001.

Appendix A: Methods and Data

Methods and Data

The bulk of the data for our analysis are derived from three sources, the Medicare Current Beneficiary Survey (MCBS), the March Supplements to the Current Population Survey, and data provided from the Centers for Medicare and Medicaid (CMS) Services. Data on the characteristics of Medicare beneficiaries choosing various plan options are derived from the MCBS. These data are benchmarked to Medicare+Choice enrollment data as of February, 2002. While national and state-level data for February 2002 on Medicare+Choice enrollment were available at time of the release of our study, the more detailed county and market level enrollment breakdowns were not.

Regional and local market area data are also based on the MCBS. The market area data generally rely on estimates from several counties that comprise the metropolitan statistical area in which the city resides.

The second part of our study examines likely plan choices among current Medicare+Choice beneficiaries under the assumption that they no longer would have access to an Medicare+Choice plan in their county. We predict whether current Medicare+Choice enrollees are likely to purchase a medigap policy or rely solely on Medicare. We estimate these probabilities using a nested logit model⁸, with the “nests” defined by traditional Medicare and Medicare+Choice. Within the traditional Medicare nest, we

stratified the data by income group, then estimated the individual predicted probability of joining traditional Medicare only, buying a Medigap plan or enrolling in Medicaid (for those under 20 thousand dollars in income). In the predictions, we controlled for age, gender, ethnicity, and region plus the county Medicare+Choice payment rate, per capita income, total population, number of physicians per capita and the estimated 2002 Medigap Plan F premium. After estimating the model for those that chose traditional Medicare, we then predicted the probability of each available option for those that actually chose to enroll in a Medicare+Choice plan.

We also use the results from the model to estimate the number of Medicare beneficiaries purchasing Medigap and relying solely on Medicare. We do this nationally, as well as several local markets. Medicare+Choice enrollment in the local markets and national totals are based on the most recent data from the Centers for Medicare and Medicaid Services (end of February, 2002). Medicare+Choice enrollment has declined in most counties since 1998. We use the results from our model to predict plan choices among former Medicare+Choice enrollees (i.e. proportion in each market that purchase a Medigap plan, rely solely on Medicare, or enroll in Medicaid).

⁸ We originally estimated a multinomial logit, but the model violated the Independence of Irrelevant Alternatives (IIA) assumption, so we instead used a nested logit.

Appendix B: Beneficiary Choice of Coverage : Regional Tables

B-1. SOUTHERN CALIFORNIA MARKET* (counts in thousands)

	Medicare Only	Medicare+Choice	Medigap
Enrollees	175	870	180
Percent of choosers	14%	71%	15%
Race/Ethnic Group			
White	12.7%	71.0%	16.2%
African-American	14.6%	85.4%	**
Asian	22.3%	59.9%	17.8%
Hispanic	25.7%	71.7%	2.6%
Other	**	**	**
Education			
<High School	25.2%	66.3%	8.5%
High School	8.3%	79.5%	12.2%
Some College / College	11.8%	69.3%	18.9%
Income			
Less than \$10K	25.7%	69.7%	4.6%
\$10K – 20K	13.7%	77.7%	8.6%
\$20K – 30K	5.8%	88.7%	5.5%
\$30K+	13.9%	67.1%	19.0%
Gender			
Male	14.4%	72.8%	12.8%
Female	13.4%	70.9%	15.7%

*Counties include: Los Angeles, Orange, Riverside, San Bernardino, San Diego

**small sample size

B-2. NORTHERN CALIFORNIA MARKET* (counts in thousands)

	Medicare Only	Medicare+Choice	Medigap
Enrollees	122	333	120
Percent of choosers	21%	58%	21%
Race/Ethnic Group			
White	16.4%	59.6%	24.0%
African-American	47.2%	44.0%	8.8%
Asian	46.1%	50.0%	3.9%
Hispanic	43.8%	38.1%	18.1%
Other	26.8%	73.2%	**
Education			
<High School	31.1%	55.7%	13.2%
High School	14.0%	59.2%	26.8%
Some College / College	20.5%	58.3%	21.2%
Income			
Less than \$10K	38.5%	40.0%	21.5%
\$10K – 20K	25.5%	54.3%	20.2%
\$20K – 30K	5.3%	70.0%	24.7%
\$30K+	19.3%	62.4%	18.3%
Gender			
Male	27.3%	54.0%	18.7%
Female	17.0%	60.6%	22.4%

*Counties include: Alameda, Sacramento, San Francisco, San Joaquin, San Mateo, Santa Clara, and Sonoma

**small sample size

B-3. PHILADELPHIA MARKET* (counts in thousands)

	Medicare Only	Medicare+Choice	Medigap
Enrollees	76	232	103
Percent of choosers	18%	56%	26%
Race/Ethnic Group			
White	13.7%	57.8%	28.5%
African-American	41.6%	53.5%	4.9%
Asian	-	-	-
Hispanic	**	**	**
Other	50.6%	49.4%	**
Education			
<High School	26.0%	56.8%	17.2%
High School	11.9%	65.8%	22.3%
Some College / College	17.3%	36.3%	46.4%
Income			
Less than \$10K	18.0%	45.8%	36.2%
\$10K – 20K	17.3%	67.0%	15.7%
\$20K – 30K	19.4%	62.6%	18.0%
\$30K+	6.7%	59.3%	34.0%
Gender			
Male	27.7%	51.7%	20.6%
Female	9.6%	62.5%	27.9%

*Counties include: Bucks, Chester, Delaware, Lehigh, Montgomery, Northampton, Philadelphia

**small sample size

B-4. SOUTH FLORIDA* (counts in thousands)

	Medicare Only	Medicare+Choice	Medigap
Enrollees	121	342	338
Percent of choosers	15%	43%	42%
Race/Ethnic Group			
White	13.9%	40.8%	45.3%
African-American	21.8%	65.9%	12.3%
Asian	55.0%	45.0%	**
Hispanic	14.9%	75.4%	9.7%
Other	**	**	**
Education			
<High School	13.5%	58.3%	28.2%
High School	9.4%	45.0%	45.6%
Some College / College	20.6%	33.1%	46.3%
Income			
Less than \$10K	23.6%	58.1%	18.3%
\$10K – 20K	12.7%	50.7%	36.6%
\$20K – 30K	10.2%	42.6%	47.2%
\$30K+	15.0%	26.1%	58.9%
Gender			
Male	14.0%	49.9%	36.1%
Female	15.2%	40.0%	44.8%

*Counties include: Broward, Miami-Dade, Palm Beach

**small sample size

B-5. NYC MARKET* (counts in thousands)

	Medicare Only	Medicare+Choice	Medigap
Enrollees	176	217	62
Percent of choosers	39%	48%	13%
Race/Ethnic Group			
White	30.1%	51.9%	18.0%
African-American	42.9%	48.9%	8.2%
Asian	36.9%	40.8%	22.3%
Hispanic	66.0%	34.0%	**
Other	85.9%	5.3%	8.8%
Education			
<High School	39.3%	50.2%	10.5%
High School	42.1%	45.4%	12.5%
Some College / College	30.0%	43.9%	26.1%
Income			
Less than \$10K	46.6%	47.1%	6.3%
\$10K – 20K	39.4%	42.6%	18.0%
\$20K – 30K	22.2%	56.7%	21.1%
\$30K+	25.3%	55.3%	19.4%
Gender			
Male	43.8%	45.2%	11.0%
Female	33.9%	50.0%	16.1%

*Counties include: Bronx, Kings, New York, Queens, Richmond

**small sample size

B-6. GREATER NYC, WESTCHESTER, AND LONG ISLAND MARKET*
(counts in thousands)

	Medicare Only	Medicare+Choice	Medigap
Enrollees	250	297	194
Percent of choosers	34%	40%	26%
Race/Ethnic Group			
White	25.4%	43.1%	31.5%
African-American	46.6%	40.7%	12.7%
Asian	42.7%	20.7%	36.6%
Hispanic	71.2%	28.8%	**
Other	84.7%	3.8%	11.5%
Education			
<High School	38.4%	45.1%	16.5%
High School	36.2%	39.1%	24.7%
Some College / College	21.6%	32.2%	46.2%
Income			
Less than \$10K	50.1%	38.4%	11.5%
\$10K – 20K	31.7%	38.1%	30.2%
\$20K – 30K	19.2%	52.2%	28.6%
\$30K+	23.6%	34.4%	42.0%
Gender			
Male	39.5%	41.7%	18.8%
Female	28.8%	38.7%	32.5%

*Counties include: Bronx, Kings, New York, Queens, Nassau, Richmond, Suffolk, Westchester

**small sample size

B-7. NEW JERSEY MARKET* (counts in thousands)

	Medicare Only	Medicare+Choice	Medigap
Enrollees	85	57	144
Percent of choosers	30%	20%	50%
Race/Ethnic Group			
White	24.4%	20.1%	55.5%
African-American	58.6%	23.4%	18.0%
Asian	86.0%	5.8%	8.2%
Hispanic	66.9%	33.1%	**
Other	**	**	**
Education			
<High School	46.8%	18.5%	34.7%
High School	15.1%	31.1%	53.8%
Some College / College	25.0%	12.4%	62.6%
Income			
Less than \$10K	47.2%	13.4%	39.4%
\$10K – 20K	31.6%	25.0%	43.4%
\$20K – 30K	19.2%	17.8%	63.0%
\$30K+	17.1%	22.3%	60.6%
Gender			
Male	21.8%	22.3%	45.9%
Female	28.2%	18.2%	53.6%

*Counties include: Bergen, Essex, Middlesex, Monmouth, Morris, Passaic, Union

**small sample size

Appendix C: Characteristics of Medicare Beneficiaries by Coverage Type

C-1. NATIONAL (2002), Characteristics of Medicare+Choice, Medicare Only and Medigap Enrollees in M+C Markets, (Millions)

	Medicare Only	Medicare+Choice	Medigap
Enrollees	3.1	5.0	4.9
Percent of Enrollees	24%	39%	37%
Race/Ethnic Group			
White	71.8%	4.5%	94.3%
African-American	17.5%	8.9%	2.9%
Asian	3.5%	1.9%	1.1%
Hispanic	3.2%	2.7%	0.6%
Other	4.0%	2.0%	0.2%
Education			
< High School	44.0%	32.0%	27.4%
High School	28.9%	36.0%	36.7%
Some College / College	27.2%	32.0%	36.0%
Income			
Under \$10K	39.0%	19.2%	18.4%
\$10-20K	35.2%	36.2%	34.4%
\$20-30K	10.9%	21.6%	22.1%
\$30K +	14.9%	23.1%	25.1%
Gender			
Male	52.8%	44.5%	40.0%
Female	47.2%	55.5%	60.0%

SOURCE: CMS 2002 and 1998-99 Medicare Current Beneficiary Survey. Totals exclude institutionalized population. Totals may not add due to rounding.

C-2. SOUTHERN CALIFORNIA AREA MARKET *

	Medicare Only	Medicare+Choice	Medigap
Race/Ethnic Group			
White	75.6%	81.8%	93.4%
African-American	5.1%	5.8%	**
Asian	6.9%	3.6%	5.4%
Hispanic	12.4%	6.7%	1.2%
Other	**	2.1%	**
Education			
<High School	43.0%	21.9%	14.0%
High School	18.8%	34.7%	26.8%
Some College / College	38.2%	43.4%	59.2%
Income			
Less than \$10K	29.5%	15.5%	7.0%
\$10K-20K	33.0%	36.4%	28.0%
\$20K-30K	6.5%	19.3%	8.3%
\$30K +	31.0%	28.8%	56.7%
Gender			
Male	47.7%	46.6%	40.9%
Female	52.3%	53.4%	59.1%

*Counties include: Los Angeles, Orange, Riverside, San Bernardino, San Diego

**small sample size

C-3. NORTHERN CALIFORNIA MARKET*

	Medicare Only	Medicare+Choice	Medigap
Race/Ethnic Group			
White	63.1%	84.0%	93.6%
African-American	8.1%	2.8%	1.5%
Asian	16.6%	6.6%	1.4%
Hispanic	8.2%	2.6%	3.5%
Other	4.0%	4.0%	**
Education			
<High School	37.8%	24.8%	16.3%
High School	20.8%	32.1%	40.3%
Some College / College	41.4%	43.1%	43.4%
Income			
Less than \$10K	31.1%	11.9%	17.7%
\$10K – 20K	35.5%	27.7%	28.7%
\$20K – 30K	5.8%	27.7%	27.1%
\$30K+	27.6%	32.7%	26.5%
Gender			
Male	52.8%	38.3%	36.9%
Female	47.2%	61.7%	63.1%

*Counties include: Alameda, Sacramento, San Francisco, San Joaquin, San Mateo, Santa Clara, and Sonoma

**small sample size

C-4. PHILADELPHIA AREA MARKET*

	Medicare Only	Medicare+Choice	Medigap
Race/Ethnic Group			
White	63.4%	84.2%	97.0%
African-American	33.8%	13.6%	3.0%
Asian	—	—	—
Hispanic	**	1.3%	**
Other	2.8%	0.9%	**
Education			
<High School	53.3%	36.7%	25.9%
High School	30.3%	52.5%	41.6%
Some College / College	16.4%	10.8%	32.5%
Income			
Less than \$10K	26.7%	16.9%	31.4%
\$10K-20K	44.8%	43.3%	23.9%
\$20K-30K	16.4%	13.1%	8.8%
\$30K +	12.1%	26.7%	35.9%
Gender			
Male	71.7%	42.2%	39.4%
Female	28.3%	57.8%	60.6%

*Counties include: Bucks, Chester, Delaware, Lehigh, Montgomery, Northampton, Philadelphia

**small sample size

C-5. SOUTH FLORIDA MARKET *

	Medicare Only	Medicare+Choice	Medigap
Race/Ethnic Group			
White	83.1%	80.8%	96.9%
African-American	10.0%	10.0%	2.0%
Asian	2.3%	0.6%	**
Hispanic	4.6%	7.8%	1.1
Other	**	0.8%	**
Education			
<High School	25.5%	36.7%	19.1%
High School	22.6%	35.6%	39.1%
Some College / College	51.9%	27.7%	41.8%
Income			
Less than \$10K	35.8%	30.2%	10.7%
\$10K-20K	28.2%	38.4%	31.4%
\$20K-30K	11.9%	17.0%	21.3%
\$30K +	24.1%	14.4%	36.6%
Gender			
Male	41.3%	49.0%	38.3%
Female	58.7%	51.0%	61.7%

*Counties include: Broward, Miami-Dade, Palm Beach

**small sample size

C-6. NYC AREA MARKET*

	Medicare Only	Medicare+Choice	Medigap
Race/Ethnic Group			
White	43.2%	60.3%	73.1%
African-American	32.9%	30.4%	17.9%
Asian	4.0%	3.6%	6.9%
Hispanic	12.7%	5.3%	**
Other	7.2%	0.4%	2.1%
Education			
<High School	53.4%	55.4%	40.4%
High School	34.1%	29.7%	28.7%
Some College / College	12.5%	14.9%	30.9%
Income			
Less than \$10K	50.8%	41.6%	19.5%
\$10K-20K	34.8%	30.5%	45.1%
\$20K-30K	7.8%	16.3%	21.2%
\$30K +	6.6%	11.6%	14.2%
Gender			
Male	54.9%	46.0%	39.2%
Female	45.1%	54.0%	60.8%

*Counties include: Bronx, Kings, New York, Queens, Richmond

**small sample size

C-7. GREATER NYC, WESTCHESTER, AND LONG ISLAND MARKET*

	Medicare Only	Medicare+Choice	Medigap
Race/Ethnic Group			
White	51.8%	74.1%	83.0%
African-American	27.2%	20.0%	9.5%
Asian	5.9%	2.4%	6.5%
Hispanic	9.6%	3.3%	**
Other	5.5%	0.2%	1.0%
Education			
<High School	49.7%	49.1%	27.6%
High School	35.3%	32.0%	30.9%
Some College / College	15.0%	18.9%	41.5%
Income			
Less than \$10K	46.3%	29.9%	13.6%
\$10K-20K	31.0%	31.4%	38.1%
\$20K-30K	10.2%	23.4%	19.6%
\$30K +	12.5%	15.3%	28.7%
Gender			
Male	54.1%	48.1%	33.3%
Female	45.9%	51.9%	66.7%

*Counties include: Bronx, Kings, New York, Queens, Nassau, Richmond, Suffolk, Westchester

**small sample size

C-8. NEW JERSEY AREA MARKET*

	Medicare Only	Medicare+Choice	Medigap
Race/Ethnic Group			
White	71.6%	88.1%	96.3%
African-American	17.2%	10.3%	3.1%
Asian	9.7%	1.0%	0.6%
Hispanic	0.8%	0.6%	**
Other	0.7%	**	**
Education			
<High School	54.7%	32.2%	24.0%
High School	14.7%	45.2%	30.9%
Some College / College	30.6%	22.6%	45.1%
Income			
Less than \$10K	40.5%	17.1%	20.0%
\$10K-20K	33.0%	38.9%	26.7%
\$20K-30K	13.2%	18.2%	25.5%
\$30K +	13.3%	25.8%	27.8%
Gender			
Male	45.4%	47.5%	38.7%
Female	54.6%	52.5%	61.3%

*Counties include: Bergen, Essex, Middlesex, Monmouth, Morris, Passaic, Union

**small sample size

C-9. NATIONAL (2002), Characteristics of Medicare+Choice, Medicare Only and Medigap Enrollees in M+C Markets, (Millions)

	Medicare Only	Medicare+Choice	Medigap
Enrollees	3.1	5.0	4.9
Percent of Enrollees	24%	39%	37%
Race/Ethnic Group			
White	71.8%	84.5%	94.3%
African-American	17.5%	8.9%	2.9%
Asian	3.5%	1.9%	1.1%
Hispanic	3.2%	2.7%	0.6%
Other	4.0%	2.0%	0.2%
Education			
< High School	44.0%	32.0%	27.4%
High School	28.9%	36.0%	36.7%
Some College / College	27.2%	32.0%	36.0%
Income			
Under \$10K	39.0%	19.2%	18.4%
\$10-20K	35.2%	36.2%	34.4%
\$20-30K	10.9%	21.6%	22.1%
\$30K +	14.9%	23.1%	25.1%
Gender			
Male	52.8%	44.5%	40.0%
Female	47.2%	55.5%	60.0%

SOURCE: CMS 2002 and 1998-99 Medicare Current Beneficiary Survey. Totals exclude institutionalized population. Totals may not add due to rounding.