

Revised September 9, 2003

**THE SIX MILLION MEDICARE BENEFICIARIES EXCLUDED FROM  
PRESCRIPTION DRUG BENEFITS UNDER THE SENATE BILL ARE  
DISPROPORTIONATELY MINORITY**

By Leighton Ku and Matthew Broaddus

Under the Senate version of the Medicare prescription drug benefit (S.1), Medicare beneficiaries who also are enrolled in Medicaid — a group often referred to as the “dual eligibles” — will be ineligible for the Medicare prescription drug benefit. That is, the six million low-income seniors and people with disabilities who are enrolled in both programs will be able to get prescription drug benefits only through Medicaid, not through Medicare. This would represent the first time that a group of Medicare beneficiaries were excluded from a Medicare benefit, in contradiction to the longstanding principle that Medicare benefits should be universally available to all Medicare beneficiaries. In contrast, the bill passed by the House of Representatives permits Medicaid beneficiaries to obtain the Medicare drug benefit.

Excluding dual eligibles from the Medicare drug benefit would mean that many low-income Medicaid beneficiaries could receive skimpier drug coverage than Medicare beneficiaries with higher incomes. Many state Medicaid programs impose limits on the quantity or types of prescription drugs available to Medicaid beneficiaries. In addition, the exclusion would create an incentive for states to eliminate Medicaid coverage for some seniors and people with disabilities in order to shift prescription drug costs for such individuals to the federal Medicare program. While such individuals would receive drug coverage through Medicare, their loss of *Medicaid* coverage could cause these individuals to lose coverage for an array of other important services that are covered under Medicaid but not Medicare, such as long-term care and vision, hearing aid and dental care.<sup>1</sup>

All 50 of the nation’s governors have concluded that making the dual eligibles eligible for the Medicare drug benefit is the top state priority related to the prescription drug legislation. Other groups, such as AARP, also have expressed concern about this element of the Senate’s drug plan and endorsed providing Medicare prescription drug benefits on a universal basis, so that all beneficiaries — including low-income beneficiaries enrolled in Medicaid — have access to Medicare prescription-drug coverage.

The dual eligibles are disproportionately African-American and Latino. *Exclusion of these individuals from the Medicare drug benefit thus would disproportionately affect seniors and people with disabilities who are members of minority groups.* Analysis of data from

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<sup>1</sup> Melanie Nathanson, Edwin Park and Robert Greenstein, *Senate Prescription Drug Bill Would Exclude Millions of Low-Income Beneficiaries*, Center on Budget and Policy Priorities, July 13, 2003.

the Census Bureau's Current Population Survey shows the extent to which the dual eligibles are disproportionately African-American or Latino.<sup>2</sup>

- Some 20 percent of dual eligibles are African-American. Yet African-Americans constitute only 10 percent of all Medicare beneficiaries. Medicare beneficiaries who are African-Americans thus are twice as likely to be dual eligibles as Medicare beneficiaries who are *not* African-Americans. This, of course, reflects the lower incomes of African-Americans.
- Some 14 percent of dual eligibles are Latinos. But Latinos constitute only 6 percent of all Medicare beneficiaries. Medicare beneficiaries who are Latino thus are more than twice as likely to be dual eligibles as other Medicare beneficiaries.
- Nonetheless, the great majority of dual eligibles — 60 percent — are non-Hispanic whites. Non-Hispanic white Medicare beneficiaries would be the primary group affected by the Senate bill's exclusion of dual eligibles from the Medicare prescription drug benefit.

These findings are corroborated by a recent Kaiser Family Foundation analysis of the 1999 Medicare Current Beneficiary Survey. The analysis finds that African-American and Latino Medicare beneficiaries who are senior citizens are about *six times more likely* to be dual eligibles than white, non-Hispanic seniors. The analysis also finds that African-American and Latino Medicare beneficiaries under 65 — most of whom qualify for Medicare because of disabilities — are about 40 percent more likely to be dual eligibles than white non-Hispanic Medicare beneficiaries who are under 65.<sup>3</sup>

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<sup>2</sup> The March 2002 Current Population Survey does not include institutionalized persons, such as those in nursing homes or other facilities, a large number of whom are seniors or people with disabilities covered by Medicaid. We considered a person dual eligible if he or she reported (as part of the Census survey) receiving both Medicare and Medicaid in 2001.

<sup>3</sup> Kaiser Family Foundation, *How Do Patterns of Prescription Drug Coverage and Use Differ for White, African American and Latino Medicare Beneficiaries Under 65 and 65+?*, July 2003.