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ABOUT 1.7 MILLION MEDICARE BENEFICIARIES IN RURAL AMERICA WOULD BE DENIED MEDICARE PRESCRIPTION DRUG BENEFITS UNDER THE SENATE PRESCRIPTION DRUG BILL

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.¹

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.

Because Medicaid is a program serving low-income people, some may mistakenly believe that relatively few dual eligibles reside in rural areas. In fact, new data show that dual eligibles — like Medicare beneficiaries in general — are *more likely* to live in rural areas. The conference agreement on Medicare prescription drug legislation will be of particular importance to senior citizens and people with disabilities who are rural residents.

¹ 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.

- A new study conducted by Professors Jeanne Lambrew of George Washington University and Becky Briesacher of the University of Maryland (and published by the Center for American Progress) finds that the proportion of rural Medicare beneficiaries who are dual eligibles — 12.4 percent — is slightly higher than the proportion of urban beneficiaries who are dual eligibles, which is 10.5 percent.² The researchers analyzed the Department of Health and Human Service’s Medicare Current Beneficiary Survey for 2000.
- The study estimates that in 2006, when the Medicare drug benefit is scheduled to go into effect, 1.7 million of the 6.4 million dual eligibles nationally will live in rural areas. Under the Senate version of the legislation, 1.7 million rural Medicare beneficiaries thus would be denied access to Medicare drug benefits because they are low-income people enrolled in Medicaid.
- The new study also finds that dual eligibles living in rural areas have higher average prescription drug costs than those who live in urban areas. That dual eligibles living in rural areas are more likely to rely on prescription drugs than their counterparts in urban areas underscores the importance to rural residents of ensuring that the final legislation provides universal access to prescription drug coverage under Medicare.

The findings of this study are corroborated by new analysis of the Census Bureau’s Current Population Survey, conducted by the Center on Budget and Policy Priorities:³

- Some 25 percent of dual eligibles live in non-metropolitan areas of the country. By contrast, only 18 percent of the overall population resides in non-metro areas. As a result, those who would be excluded from the Medicare prescription drug benefit under the Senate bill are about one-third more likely to live in a non-metro area than a typical American.
- The percentage of dual eligibles who live in non-metro areas — 25 percent — is only slightly higher than the percentage of all Medicare beneficiaries who reside in such areas (which is 24 percent). This is because Medicare beneficiaries in general — including both dual eligibles and other beneficiaries — are more likely to live in rural areas than the general population.

Another recent analysis by the Center provided state-specific estimates of the number who would be excluded in each state. Even in relatively small rural states, like Iowa and

² Jeanne Lambrew and Becky Briesacher, *Medicare Prescription Drug Legislation: What It Means for Rural Beneficiaries*, Center for American Progress, September 9, 2003.

³ 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.

Montana, tens of thousands of low-income Medicare beneficiaries would be unable to obtain Medicare prescription drug benefits under the Senate bill (see table below).

Number of Medicare Beneficiaries Who Would Be Excluded from Medicare Prescription Drug Benefits Because They Are Enrolled in Medicare, Selected States		
State	Projected Number of Dual Eligibles Excluded from Medicare Drug Benefits in 2006	Percentage of All Medicare Beneficiaries in State Who Would Be Excluded Because They Are Dual Eligibles (1999)
Arizona	59,000	7%
Iowa	55,000	10%
Louisiana	119,000	17%
Maine	41,000	18%
Montana	17,000	10%
North Dakota	13,000	11%
Ohio	189,000	10%
Oklahoma	80,000	13%
South Dakota	14,000	10%
Tennessee	214,000	22%
West Virginia	38,000	10%

Source: Leighton Ku, *How Many Low-Income Medicare Beneficiaries in Each State Would Be Denied the Medicare Prescription Drug Benefit Under the Senate Drug Bill?*, Center on Budget and Policy Priorities, July 31, 2003. This table counts Medicare beneficiaries in the entire state, whether in rural or urban areas.