



NIHCM  
FOUNDATION

## ***FAST FACTS***

# ***MEDICARE AND PRESCRIPTION DRUGS***

October 2001

Estimated overall Medicare spending in 2001	\$240 billion
Medicare as a proportion of the total federal budget in 2001	12%
Medicare spending as a percent of GDP in 2001	2.6%
Number of Medicare beneficiaries in 2001	39.5 million
Number of Medicare beneficiaries over age 65 in 2001	34.7 million
Average spending per Medicare beneficiary in 2001	\$6,076
Projected Medicare spending in 2025 -	\$600 billion <sup>1</sup>
Projected portion of federal budget spent on Medicare in 2025	25% or more <sup>2</sup>
Projected Medicare spending as percentage of GDP in 2025 -	4.4%
Projected number of Medicare beneficiaries in 2025	70 million
Projected average spending per Medicare beneficiary in 2025	\$8,571
Percentage of Medicare beneficiaries' total health care spending paid by federal government in 2000	55%
Average out-of-pocket health spending by beneficiaries age 65 and over in 2000	\$3,142 <sup>3</sup>
Average out-of-pocket health spending by beneficiaries age 65 and over as a percent of income in 2000	21.7%
Projected average out-of-pocket health spending by beneficiaries age 65 and over in 2025	\$5,248

Projected average out-of-pocket health spending by beneficiaries age 65 and over as a percent of income in 2025	30%
Percent of people age 65 and over with income below federal poverty level in 1999 (\$8,259 living alone, \$11,824 for a couple)	10%
Percent of people age 65 and over with income below 200% of federal poverty level in 1999 ----- (\$16,518 living alone, \$23,648 for a couple)	36%
Total outpatient prescription drug spending in U.S. in 2000	\$145 billion
Estimated outpatient prescription drug spending by Medicare beneficiaries in 2000	\$62.3 billion <sup>4</sup>
Percent of outpatient prescription drug spending paid for by the Medicare program	<1%
Percent of beneficiaries with any prescription drug insurance coverage during all of 1998	76%
Percent of beneficiaries with year-round prescription drug coverage in 1998	58.3%
Percent of beneficiaries with part-year prescription drug coverage in 1998	17.7%
Percent of beneficiaries with <u>no</u> prescription drug insurance coverage during all of 1998	24%
Percent of beneficiaries with drug coverage through employer-based retiree programs in 1998	33%
Percent of beneficiaries with drug coverage through Medicaid in 1998	12%
Percent of beneficiaries with coverage through a Medicare + Choice plan in 1998	15%
Percent of Medicare + Choice plans that provided a prescription drug benefit in 2000	78%
Percent of beneficiaries with coverage through a Medigap plan in 1998	10%
Estimated number of Medicare beneficiaries who will get help paying for drugs through state pharmacy assistance programs in 2001	1.4 million

Average per capita drug spending by Medicare beneficiaries in 2000	\$1,539
Projected per capita drug spending by Medicare beneficiaries in 2010 -----	\$3,751
Percent of all beneficiary out-of-pocket health spending used to pay for prescription drugs in 1998 20%	
Average number of prescriptions filled by Medicare beneficiaries with drug coverage in 1998	24
Average number of prescriptions filled by beneficiaries with no drug coverage in 1998	16
Average out-of-pocket drug spending by beneficiaries with drug coverage in 1998	\$326
Average out-of-pocket drug spending by beneficiaries with <u>no</u> drug coverage in 1998	\$555
Percent beneficiaries with any drug coverage paid, on average, out-of-pocket for drugs in 1998	42%
Percent of all Medicare beneficiaries who incurred \$1,000 or more of drug spending in 1996	22%
Projected percent of Medicare beneficiaries who will incur \$1,000 or more of drug spending in 2001	51%
Projected percent of all beneficiaries who will incur \$4,000 or more in drug spending in 2001	10%
Projected total spending on prescription drugs for Medicare beneficiaries 2002-2011	\$1.45 trillion <sup>5</sup>
Projected annual rise in drug spending by/for Medicare beneficiaries 2002-2011	12%
Projected average annual rise in overall Medicare spending 2002-2011	7.7%

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1. All projected figures for future years do not account for any changes in the structure or level of benefits of the Medicare program.
  2. Assuming no changes in current tax or spending policies.
  3. Excludes Medicare + Choice enrollees.
  4. Calculated – 43% of \$145 billion.
  5. CBO; assumes no changes in current law.