

How Affordable Is Health Care for Medicare Beneficiaries?

Whether retired, nearing retirement, or living with a disability, most people with Medicare coverage live on fixed incomes. This means they're acutely affected by the cost of their health care. While Medicare provides a guarantee of coverage for most medical services, beneficiaries still contend with copayments, deductibles, and costs for uncovered services — much like other Americans with private health insurance do.

Although most Medicare beneficiaries surveyed by the Commonwealth Fund don't report difficulty affording their health expenses, **one-third do have difficulty** — a proportion that grows to one-half when focusing on beneficiaries under age 65 with disabilities. Multiple surveys have found that the share of beneficiaries saying they can't afford needed health care generally is **similar for both Medicare Advantage and traditional Medicare**. In this fact sheet, we present findings on Medicare's affordability from the latest Commonwealth Fund surveys.

AFFORDABILITY OF MEDICARE COVERAGE

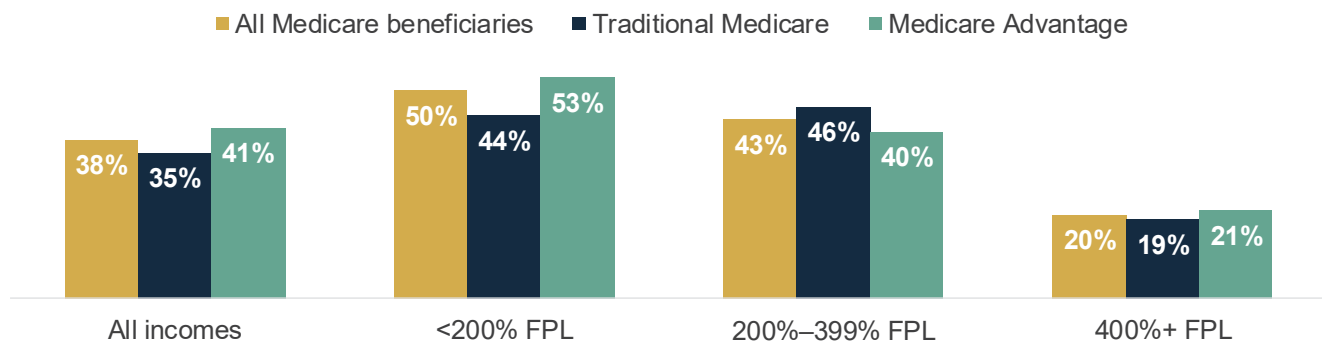
- People age 65 and older with incomes below 200 percent of the federal poverty level **were underinsured* at the highest rate (37%)**. There was no significant difference between people in Medicare Advantage and traditional Medicare (44% vs. 30%, respectively).
- Significantly more beneficiaries in Medicare Advantage plans than in traditional Medicare reported they couldn't afford their care **because of copayments or deductibles (12% vs. 7%)**.
- More than one in five (23%) adults 65 and older with Medicare reported they **struggled to afford their premiums**. For those with incomes under twice the poverty level, the proportion was two in five (39%).

COST BARRIERS TO NEEDED CARE

- More than one in five beneficiaries (21%) reported **delaying or skipping needed health care** because of the cost.
- More than one in five beneficiaries said health care costs **made it harder for them** to afford food (26%) and utility bills (23%).
- About one in six beneficiaries age 65 and older (18%) reported problems **paying medical bills or debt**.

About four in 10 older adults with Medicare reported problems accessing health care because of its cost.

Percentage of adults age 65+ with Medicare coverage who in past year reported any of five problems accessing care because of cost, by income and coverage type



Base: Adults age 65+ with Medicare coverage who were insured all year.

Notes: Coverage type given at time of survey. "Medicare" excludes those beneficiaries who indicated they were also working full time and had employer-sponsored insurance.

Data: Commonwealth Fund Biennial Health Insurance Survey (2022).

* The Commonwealth Fund defines underinsurance as: 1) having out-of-pocket health costs, excluding insurance premiums, over the prior 12 months equal to 10 percent or more of household income; 2) having out-of-pocket costs, excluding premiums, over the prior 12 months equal to 5 percent or more of household income for individuals below 200 percent of the federal poverty level; or 3) having an insurance deductible equal to 5 percent or more of household income.

OUT-OF-POCKET EXPENSES

- Similar shares of Medicare Advantage and traditional Medicare enrollees report that high health care costs **make it difficult to obtain care** (33% vs. 30%).
- One in five Medicare Advantage enrollees age 65 and older (20%) cited out-of-pocket spending limits as the **main reason they chose to enroll** in their plan rather than in traditional Medicare.

AFFORDABILITY OF PRESCRIPTION DRUGS

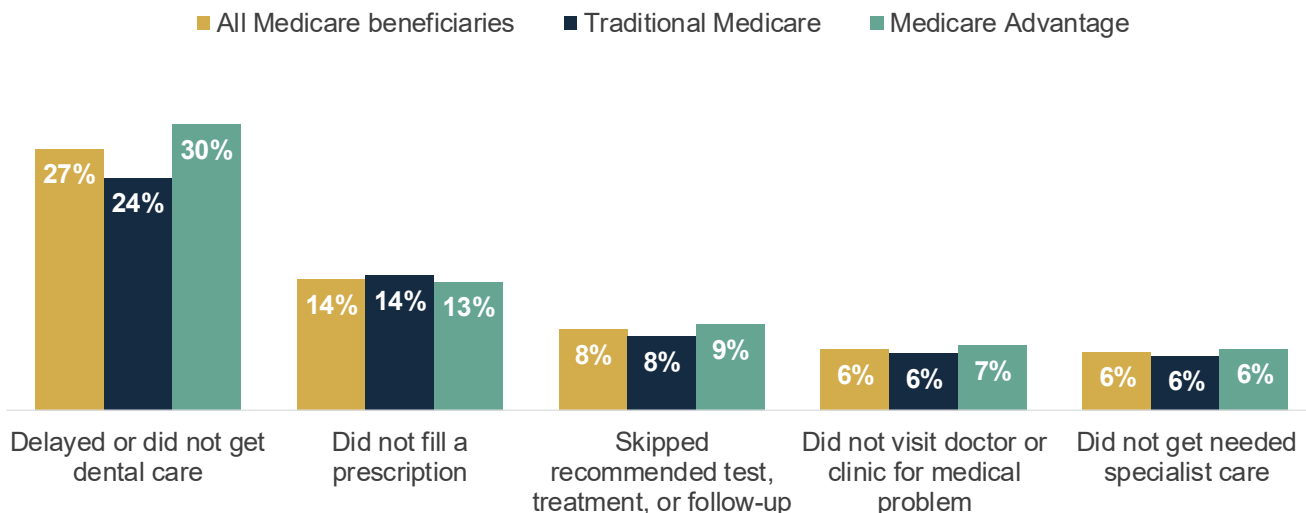
- One in seven Medicare beneficiaries said they **did not fill a prescription** because of its costs, with no significant difference among those in Medicare Advantage versus traditional Medicare (13% vs. 14%).

AFFORDABILITY OF EXTRA BENEFITS

- One-quarter of beneficiaries (27%) said they **delayed or did not get dental care** for cost reasons, including 30 percent of Medicare Advantage enrollees and 24 percent of traditional Medicare enrollees.
- Sixty-nine percent of people in Medicare Advantage plans said they used **one or more of their supplemental benefits** in the past year. Of the 31 percent of beneficiaries who said they didn't use any supplemental benefits their plan offered, only 4 percent said it cost too much to use the benefits.

About one in four older adults with Medicare coverage reported that costs prevented them from getting dental care, while more than one in 10 said costs prevented them from filling a prescription.

Percentage of adults age 65+ with Medicare coverage who in past year reported any of four problems accessing care because of cost, by coverage type



Base: Adults age 65+ with Medicare coverage who were insured all year.

Notes: Coverage type given at time of survey. "Medicare" excludes those beneficiaries who indicated they were also working full time and had employer-sponsored insurance.

Data: Commonwealth Fund Biennial Health Insurance Survey (2022).

RESOURCES

1. Gretchen Jacobson, Faith Leonard, and Sara R. Collins, *Can Medicare Beneficiaries Afford Their Health Care? Findings from the Commonwealth Fund 2023 Health Care Affordability Survey* (Commonwealth Fund, Oct. 2023).
2. Faith Leonard et al., *Medicare's Affordability Problem: A Look at the Cost Burdens Faced by Older Enrollees – Findings from the Commonwealth Fund Biennial Health Insurance Survey, 2022* (Commonwealth Fund, Sept. 2023)
3. Gretchen Jacobson et al., *What Do Medicare Beneficiaries Value About Their Coverage?: Findings from the Commonwealth Fund 2024 Value of Medicare Survey* (Commonwealth Fund, Feb. 2024).
4. Erin Jones et al., "How Do Patients and Providers Feel About Drug Costs in Medicare?," *To the Point* (blog), Commonwealth Fund, Aug. 6, 2024.
5. Gretchen Jacobson et al., *Medicare Advantage vs. Traditional Medicare: How Do Beneficiaries' Characteristics and Experiences Differ?* (Commonwealth Fund, Oct. 2021).
6. David Blumenthal and Gretchen Jacobson, "How Affordable Is Medicare Advantage?," *JAMA* 332, no. 16 (Aug. 28, 2024): 1331-32.