

# **SSDI Beneficiaries' Medicaid Expenditures: During the Waiting Period and Beyond**

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# Background

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- **SSDI beneficiaries' average health care costs are \$13,000 per year, 41 percent of which is covered by Medicare.**
- **Yet new SSDI beneficiaries must wait two years before becoming eligible for Medicare.**
- **Waiting period might limit access to health care, affecting long-term health status and ability to return to work.**
- **While legislation to end the waiting period has been considered, it is important to know what the cost would be.**

# Research Questions

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- **What are the health care costs of SSDI beneficiaries on Medicaid during their two-year waiting period?**
- **How do Medicaid expenditures of these beneficiaries change after the waiting period ends and Medicare eligibility begins?**

# Past Research

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- **By extrapolating from the costs of new Medicare beneficiaries, Riley (2004) estimated that eliminating the waiting period would cost Medicare \$5,000 per person per year (in 2000 dollars).**
- **According to data from 12 states, Medicaid spent about \$1,200 per person per month, or over \$14,000 per year (in 2000 dollars; Dale and Verdier 2004) for those in waiting period.**
- **This study is the first to estimate waiting period costs from merged SSA and Medicaid data of waiting-period beneficiaries from all 50 states.**

# The Data

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- **Identified individuals from 50 states and District of Columbia who had:**
  - CDPS code indicating disabling condition
  - Received disability benefits from Supplemental Security Income (SSI) program
- **Random sample of Medicaid beneficiaries with disabilities drawn from Medicaid Analytical Extract System (MAX) files for 1999 and 2000 was merged to SSA administrative data.**

# Methods

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- **Restricted analysis to fee-for-service enrollees with full Medicaid benefits, no private insurance coverage, and enrolled in SSDI in 1999 and 2000**
- **Compared mean Medicaid costs of three groups of beneficiaries**
  - **Full waiting period cohort (n=9,209)**
  - **Partial waiting period cohort (n=8,395)**
  - **Medicare eligible cohort (n=289,144)**

# Percent Distribution of Disabling Conditions Among New SSDI Beneficiaries

Primary Disabling Condition (SSA records)	All New SSDI Beneficiaries	Partial Waiting Period Cohort (on Medicaid)	Full Waiting Period Cohort (on Medicaid)
Mental disorders	20	33	35
Mental retardation	3	5	5
Musculoskeletal	24	12	12
Infectious Diseases	2	4	5
Neoplasms	11	5	4
Endocrine/Nutritional	6	7	6
Nervous system	8	8	8
Circulatory system	12	10	9
Respiratory system	4	4	4
Genitourinary system	2	3	4
Injuries	4	6	6
Other	5	3	3

SOURCE: SSA Annual Statistical Supplement (column 1) and Linked Medicaid-Ticket Research Data File (columns 2 and 3).

NOTES: The sample size is 619,118 for column 1, 9,209 for column 2, and 8,395 for column 3.

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# Mean Medicaid Expenditures Per Person Per Month

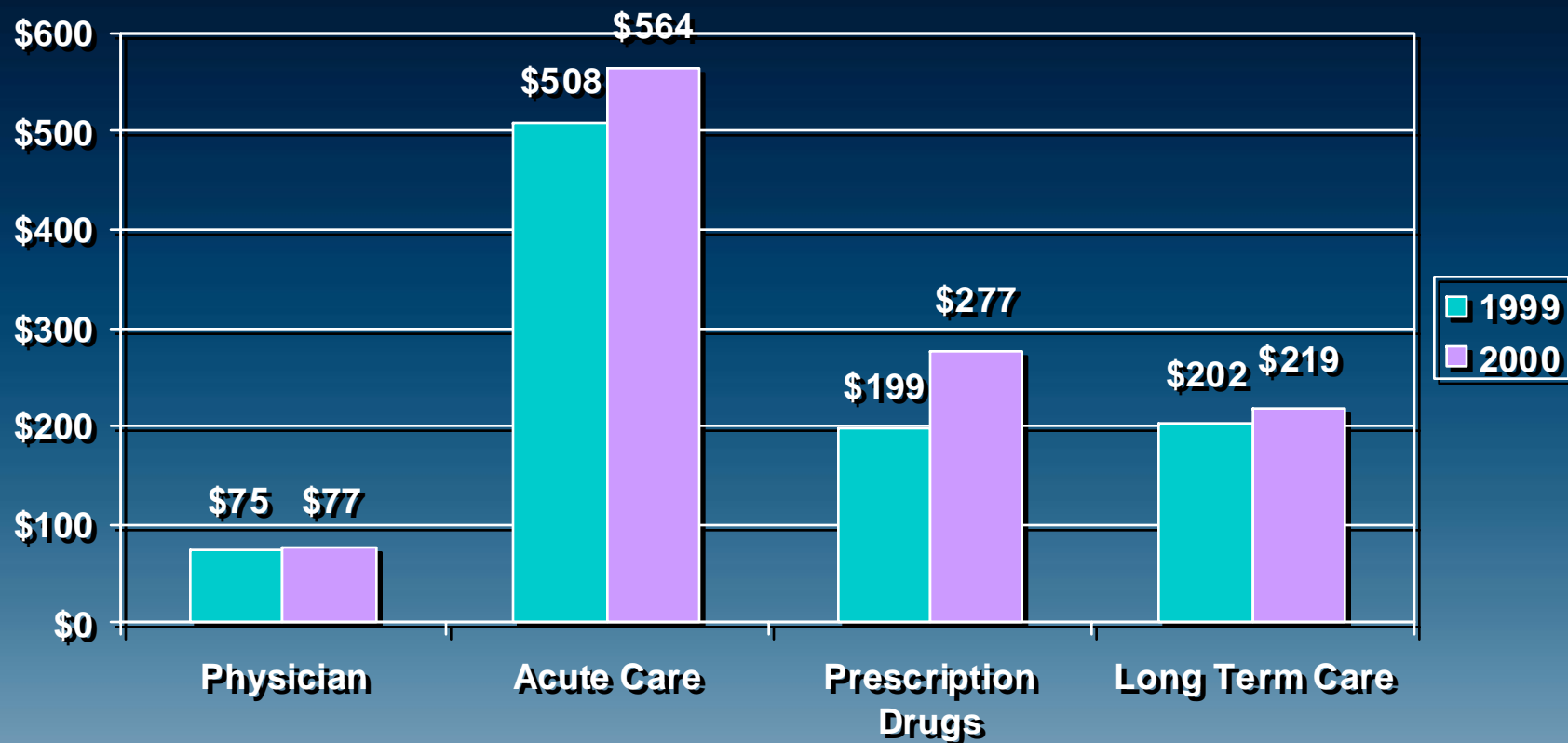
Primary Disabling Condition (based on SSA records)	Full Waiting Period		Partial Waiting Period	
	1999	2000	1999	2000
<b>Overall</b>	\$1,180	\$1,285	\$1,189	\$871
<b>Major Affective</b>	\$782	\$904	\$802	\$616
<b>HIV/AIDS</b>	\$2,230	\$3,392	\$1,920	\$1,644
<b>Musculoskeletal</b>	\$788	\$1,010	\$813	\$613
<b>Neoplasms</b>	\$2,020	\$2,521	\$2,188	\$930
<b>Injuries</b>	\$2,362	\$1,981	\$2,152	\$1,633

SOURCE: MPR analysis of Linked Medicaid-Ticket Research Data File.

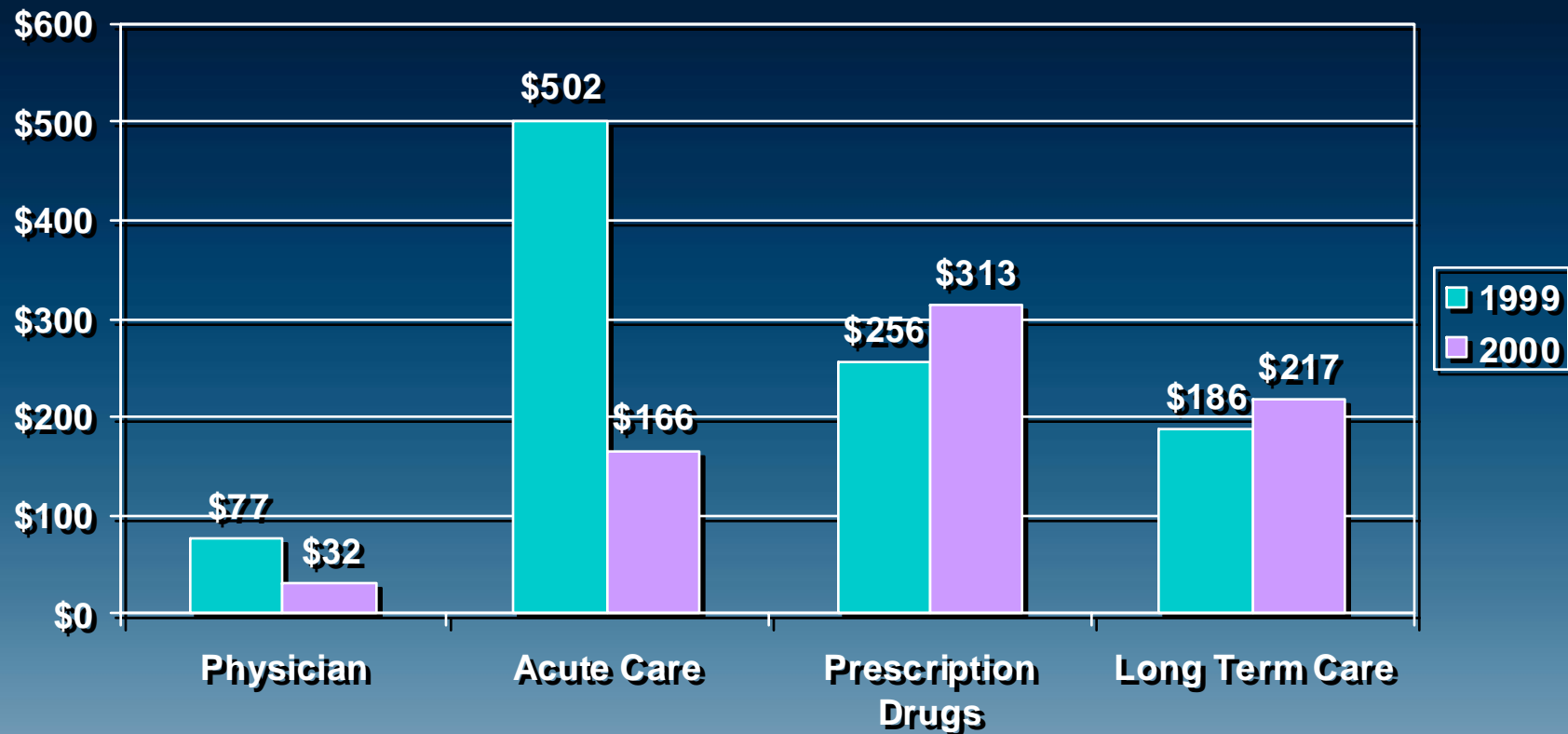
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# Spending Per Person Per Month, Full Waiting Period Cohort



# Spending Per Person Per Month, Partial Waiting Period Cohort



# Cost Implications of Eliminating the Waiting Period

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- Medicaid costs would decrease—and Medicare costs would increase—by at least \$500 per Medicaid beneficiary per month (or \$6,000 per year) if the waiting period were eliminated in 2000.
- If the waiting period were eliminated in 2007, Medicare would likely also cover \$300 per person per month for prescription drugs.

# Limitations

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- **Study only represents Medicaid beneficiaries (about 40 percent of those in waiting period).**
- **Only includes Medicaid beneficiaries who were not on managed care.**
- **Most likely our results overestimate the health care costs of the average SSDI beneficiary waiting to become eligible for Medicare benefits.**

# Conclusion

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- Medicaid pays \$1,200 per beneficiary per month for those in waiting period.
- Eliminating waiting period would be costly for Medicare, but current policy is costly to uninsured beneficiaries.
- Medicaid still incurred substantial costs (nearly \$1000 per person per month) for SSDI beneficiaries even after they received Medicare coverage.
- Future research should illuminate how providing health insurance to new SSDI beneficiaries would affect SSDI beneficiaries and the Medicaid and Medicare programs.