

Health Care Financing Trends

Growth of the Medicare population

by L. Antonio Mariano

The growth rate of Medicare enrollees significantly exceeds the growth rate of the general population. Moreover, the group of enrollees aged 85 years or over is growing proportionately faster than all other groups of the aged. These phenomena and other interesting trends of the Medicare population are explored in this article.

The rapidly escalating cost of delivering health care services through the Medicare program has generated much interest in exploring ways to control the growth of benefits paid. It should be noted that, in addition to rising medical costs and increasing per capita utilization, another factor contributing to these increases is the growing number of persons enrolled for coverage. In no small way, implementation of the Medicare program has made available to the Nation affordable medical services and enhanced medical delivery systems. Medicare was first implemented in 1966, under title V of the Social Security Act, as health insurance for the aged (65 years of age or over). Later, it was amended in 1972 by legislation to include the disabled, persons with end stage renal disease, and certain aged persons not previously entitled.

Medicare is organized in two parts:

- Part A (hospital insurance) pays for inpatient hospital services, regular nursing services, meals, semiprivate rooms, operating rooms, laboratory tests, some drugs, and medical supplies. Part A also pays for special care units, rehabilitation services, post-hospital skilled nursing facility care, home health care, and hospice care for the terminally ill.
- Part B (supplementary medical insurance), which is elective coverage, pays for private physicians' services, diagnostic tests, outpatient hospital services, outpatient physical therapy, speech pathology services, home health services, medical equipment, and supplies.

Since the inception of Medicare (July 1, 1966), its rolls have increased by more than two-thirds, and as of July 1, 1987, affordable medical care was available to 32.4 million Medicare beneficiaries with Part A and/or Part B coverage. In this article, the increases

in the number of Medicare enrollees by census region from 1966 through 1987 and some demographic trends of these enrollees are highlighted.

- In 1966, the estimated total resident population of the United States was 195.9 million people. Medicare provided some type of coverage to 18.8 million U.S. residents, essentially most of the population 65 years of age or over. Medicare enrollees represented 9.5 percent of the total resident population (Table 1).
- The number of aged enrollees has grown from 19.1 million in 1966 to 29.4 million in 1987, an increase of 53.8 percent. This represents an average annual increase of 2.1 percent (Table 2).
- In 1987, the estimated resident population of the United States was 243.4 million. Of this total, 29.8 million were 65 years of age or over. Medicare, with all age groups represented, provided some type of coverage for 31.7 million persons, or 13 percent of the total resident population of the United States (Table 1). Medicare provided some type of coverage for 28.8 million aged residents of the United States, representing more than 96.6 percent of the total U.S. aged population (Table 2).
- Statistical examination of the aged population (65 years of age or over) within the Medicare program indicates longer life expectancy for beneficiaries. The median age for this population has increased from 72.8 years in 1966 to 73.5 years of age in 1987. Although the overall aged population of the program has been increasing at an average annual rate of 2.1 percent, the category of persons 85 years of age or over has been increasing at an average annual rate of 4.6 percent.
- In 1966, each census region had more than 5 million enrollees except the West, which had 2.8 million enrollees (Table 1). By 1987, the South region had significantly outgrown the Northeast and Midwest, with more than 10.7 million enrollees, or 33.19 percent of all Medicare enrollees (Figure 1). The next highest census region, the Midwest, had 8.1 million enrollees (24.95 percent of the total).
- From 1966 to 1987, the South and West regions had comparable increases in the growth rates of number of Medicare enrollees of 89.7 percent and 100 percent, respectively. These rates were significantly higher than those of the Northeast and Midwest, which were 43.8 percent and 45.6 percent, respectively (Table 1).

Reprint requests: L. Antonio Mariano, 1-B-15 Oak Meadows Building, Health Care Financing Administration, 6325 Security Boulevard, Baltimore, Maryland 21207.

Table 1

Totals of and percent change in numbers of Medicare enrollees¹ for selected areas: United States and foreign countries, selected years 1966-87

Areas	Enrollees in thousands					Percent change			
	1966	1973	1980	1986	1987	1966-87	1973-87	1980-87	1986-87
All areas	19,109	23,545	28,478	31,750	32,411	69.6	37.7	13.8	2.1
United States and outlying areas	18,969	23,343	28,249	31,498	32,156	69.5	37.8	13.8	2.1
United States ²	18,824	23,104	27,890	31,090	31,738	65.1	37.4	13.8	2.1
U.S. census regions:									
Northeast	5,027	5,776	6,636	7,135	7,229	43.8	25.2	8.9	1.3
Midwest ³	5,552	6,398	7,315	7,952	8,082	45.6	26.3	10.5	1.6
South	5,412	7,264	9,234	10,493	10,752	89.7	48.0	16.4	2.5
West	2,817	3,645	4,679	5,490	5,655	100.7	55.1	20.9	3.0
Outlying areas ⁴	145	239	359	408	418	188.3	74.9	16.4	2.5
Foreign countries ⁵	140	202	229	250	255	82.1	26.2	11.4	2.0

¹Includes enrollees with hospital insurance (Part A) only or both hospital insurance and supplementary medical insurance (Part B).

²Includes enrollees with address unknown.

³Formerly the North Central region.

⁴Beneficiaries residing in U.S. possessions and protectorates.

⁵Beneficiaries residing in foreign countries.

SOURCE: Health Care Financing Administration, Bureau of Data Management and Strategy: Data from the Office of Statistics and Data Management.

Table 2

Numbers and percent distribution of Medicare enrollees¹ for selected years 1966-87

Year	Number of enrollees	Median age all enrollees	Percent distribution by age					
			Total	65-69	70-74	75-79	80-84	85 or over
1966	19,108,822	72.8	100.0	34.2	28.7	19.7	11.2	6.2
1973	21,814,825	73.1	100.0	33.5	26.5	19.8	12.4	7.8
1980	25,515,070	73.2	100.0	33.1	26.4	18.9	12.2	9.4
1986	28,791,162	73.5	100.0	31.8	26.2	19.4	12.4	10.2
1987	29,380,480	73.5	100.0	31.8	26.0	19.4	12.5	10.3
Percent average annual increase	2.1	—	—	1.7	1.6	2.0	2.6	4.6

¹Includes enrollees with hospital insurance (Part A) only or both hospital insurance and supplementary medical insurance (Part B).

SOURCE: Health Care Financing Administration, Bureau of Data Management and Strategy: Data from the Office of Statistics and Data Management.

Figure 1

Percent distribution of Medicare enrollees, by census region: 1966 and 1987

