Dignity for All: Ensuring Economic Security as America Ages

A Senior Poverty Forum

November 15, 2016
Panel 1: Understanding Low-Income Older Adults through Research and Data

Moderator: Emily Allen, AARP Foundation
Retirement Security for Older Americans
Why Health Coverage Matters

November 15, 2016
Justice in Aging
Dignity for All: Ensuring Economic Security as America Ages

Tricia Neuman, Sc. D.
Director, Program on Medicare Policy
Kaiser Family Foundation
More than 4 in 10 seniors live below twice the poverty level based on the SPM which takes health costs into account.

**Poverty rates are higher under the Supplemental Poverty Measure (SPM)**

<table>
<thead>
<tr>
<th>Official Poverty Measure (OPM)</th>
<th>Supplemental Poverty Measure (SPM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>25% with incomes below 200% of the poverty threshold</td>
<td>43% with incomes below 200% of the poverty threshold</td>
</tr>
<tr>
<td>16% 100%-199% FPL</td>
<td>29%</td>
</tr>
<tr>
<td>9% Under 100% FPL</td>
<td>14%</td>
</tr>
</tbody>
</table>

**2015 Poverty Level**
- $11,367/individual
- $14,342/couple

Figure 7

Under the SPM, at least 35% of people ages 65 and older lived below 200% of poverty in every state and DC (2011-2013)

NOTE: SPM is supplemental poverty measure. Estimates are based on pooling three years of data.

Poverty rates rise with age, are higher for older women than men, and much higher for Black and Hispanic than White seniors.

Share of people ages 65+ with incomes below 200% of poverty, 2014:

<table>
<thead>
<tr>
<th>Age</th>
<th>60-69</th>
<th>70-79</th>
<th>80+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>36%</td>
<td>45%</td>
<td>57%</td>
</tr>
<tr>
<td>Women</td>
<td>39%</td>
<td>50%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Race/ethnicity</th>
<th>White</th>
<th>Black</th>
<th>Hispanic</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>41%</td>
<td>60%</td>
<td>68%</td>
</tr>
</tbody>
</table>

Median income and savings are significantly lower for Black and Hispanic than White Medicare beneficiaries

<table>
<thead>
<tr>
<th></th>
<th>Median income per capita= $24,150</th>
<th>Median savings per capita= $63,350</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>$27,450</td>
<td>$91,950</td>
</tr>
<tr>
<td>Black</td>
<td>$16,150</td>
<td>$12,350</td>
</tr>
<tr>
<td>Hispanic</td>
<td>$12,800</td>
<td>$9,800</td>
</tr>
</tbody>
</table>

Figure 10

Health problems are more common among seniors with low incomes (below $15,000)

Share of seniors age 65+ with health concern, by income

NOTE: Income is calculated in a per person basis. For married couples, income is divided equally.
Even with Medicare, medical costs consume a significant portion of seniors' budgets

Average Household Spending = $36,080

Average Household Spending = $54,232

Premiums + Deductibles + Cost-Sharing + Gaps in Medicare benefits lead to affordability challenges

Gaps in Coverage:
- No dental care, or dentures
- No hearing aids, eye glasses
- Part D “donut hole” until 2020; no hard cap on out-of-pocket drug costs
- No long-term care benefit (limited SNF and home health)

Other Expenses:
- Medicare premiums; deductibles and cost-sharing (with no out-of-pocket limit)
- Premiums for supplemental insurance
Medicare premiums and cost-sharing are projected to continue to rise as a share of Social Security benefits.

Source: Social Security Trustees Report, 2015
Note: Includes Medicare SMI premiums and cost-sharing. Does not include other out-of-pocket health spending.
About half of all Medicare beneficiaries ages 65+ with incomes below 200% FPL do not get low-income assistance with Medicare premiums/cost-sharing (Medicaid)

Total Medicare Beneficiaries < 200% FPL, 2011 = 19.8 million in 2011

NOTE: Premium/cost sharing assistance refers to assistance under Medicaid/Medicare Savings Programs, but not Part D LIS.
SOURCE: Kaiser Family Foundation analysis of CMS’ CCW, standard 5 percent sample of Medicare beneficiaries 2011, Urban Institute analysis of DYNASIM income and assets 2011. 2011 Census poverty thresholds from...
Looking Forward: Key Issues

- How would ACA repeal affect low-income seniors and younger adults with disabilities on Medicare?

- What would a Medicaid block grant mean for low-income beneficiaries dually eligible for Medicare and Medicaid?
Additional Resources on kff.org

- Old and Poor: America’s Forgotten
- An Overview of Medicare
- Poverty Among Seniors: An Updated Analysis of National and State Level Poverty Under the Official and Supplemental Poverty Measures
- Income and Assets of Medicare Beneficiaries, 2014 – 2030
- Key Issues in Understanding the Economic and Health Security of Current and Future Generations of Seniors
- Comparing Poverty Rates under the Official Census Poverty Measure and the Supplemental Poverty Measure

For more information, visit kff.org/medicare
Who Are Low-income Older Adults?  
Hidden Poor  
The Officially Poor and Hidden Poor

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UCLA Center for Health Policy Research  
November 15, 2016
Acknowledgements

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- Partners – Insight Center for Community Economic Development, Wider Opportunities for Women, University of Mass-Boston Gerontology Center
- Researchers – D. Imelda Padilla-Frausto & others
Key points

- The “federal poverty line” (FPL) is inadequate
- Many older adults are economically insecure, with incomes above poverty but not enough for basic needs (the hidden poor)
- The health status of the hidden poor worsens the mismatch between resources and needs
FPL vs. Elder Economic Security Standard™ Index

**FPL**
- 50 year old standard of living (CPI adjusted)
- Single national amount
- Based on consumption of average family
- Same amount whether renter or owner of home

**Elder Index**
- Current standard of living
- County level
- Uses costs of basic goods and services needed by average older adult (e.g. higher health care costs)
- Varies by type of housing
Any problem poverty = $11,880 in 2016 everywhere?

https://aspe.hhs.gov/poverty-guidelines
Housing Costs Vary Geographically

HUD Fair Market Rents, 2016 1-br apartment

- San Francisco, CA $1,814
- New York, NY $1,357
- Los Angeles, CA $1,154
- Chicago, IL $1,001
- Atlanta, GA $820
- Houston, TX $773
- Des Moines, IA $682

See: https://www.huduser.gov/portal/datasets/fmr/fmr_il_history/select_Geography.odn
### Housing type varies, U.S., age 65+, <200% FPL

<table>
<thead>
<tr>
<th></th>
<th>Latino</th>
<th>African American</th>
<th>white</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>42.4%</td>
<td>42.9%</td>
<td>24.9%</td>
</tr>
<tr>
<td>Own, paying mortgage</td>
<td>23.1</td>
<td>22.6</td>
<td>18.4</td>
</tr>
<tr>
<td>Own w/o mortgage</td>
<td>31.7</td>
<td>31.2</td>
<td>53.2</td>
</tr>
</tbody>
</table>

Source: American Community Survey, 2011-13
Distribution of household expenditures, 2015

Source: 2015 Consumer Expenditure Survey
Alternative to FPL: Elder Economic Security Standard™ Index (Elder Index)

- Health care costs
- Housing (3-types)
- Food (at home) costs
- Transportation, local
- Misc. (phone, clothing, home repair, etc.)
# Elder Standard Index 2013

## LA City & Humboldt County

<table>
<thead>
<tr>
<th>Monthly Expenses</th>
<th>Los Angeles City</th>
<th>Humboldt County</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Owner w/o Mortgage</td>
<td>Renter, One Bedroom</td>
</tr>
<tr>
<td>Housing</td>
<td>$544</td>
<td>$1,171</td>
</tr>
<tr>
<td>Food</td>
<td>264</td>
<td>264</td>
</tr>
<tr>
<td>Transportation</td>
<td>233</td>
<td>233</td>
</tr>
<tr>
<td>Health Care=Good</td>
<td>166</td>
<td>166</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>241</td>
<td>241</td>
</tr>
<tr>
<td>Elder Index Per Month</td>
<td>$1,448</td>
<td>$2,075</td>
</tr>
<tr>
<td>Elder Index Per Year</td>
<td>$17,376</td>
<td>$24,900</td>
</tr>
</tbody>
</table>

Note: Numbers may not add up to total due to rounding.
Gap in Measuring Economic Need, Elder Index vs. FPL, California average 2013

EI, Owners w mortgage: $34,560
EI, Renters: $23,112
EI, Owner wo mortgage: $17,976
FPL: $11,490

-11,622

http://healthpolicy.ucla.edu/programs/health-disparities/elder-health/elder-index-data/Pages/Cost-Of-Living.aspx
The Hidden Poor: Over Three-Quarters of a Million Older Californians Overlooked by Official Poverty Line

D. Imelda Padilla-Frausto and Steven P. Wallace

SUMMARY: More than three-quarters of a million (772,000) older Californians are among the "hidden poor" – older adults with incomes above the federal poverty line (FPL) but below a minimally decent standard of living as determined by the Elder Economic Security Standard™ Index (Elder Index) in 2011. This policy brief uses the most recent Elder Index calculations to document the wide discrepancy that exists between the FPL and the Elder Index. This study finds that the FPL significantly underestimates the number of economically insecure older adults who are unable to make ends meet. Yet, because many public assistance programs are aligned with the FPL, potentially hundreds of thousands of economically insecure older Californians are denied aid. The highest rates of the hidden poor among older adults are found among renters, Latinos, women, those who are raising grandchildren, and people in the oldest age groups. Raising the income and asset eligibility requirement thresholds for social support programs such as Supplemental Security Income (SSI), housing, health care, and food assistance would help California's older hidden poor make ends meet.
Elder Index by Race/Ethnicity, Families Headed by Ages 65+, California, 2011

- Latino: 44.2% (19.5% < 100% FPL, 36.2% 100 FPL-Elder Index (Hidden Poor), 31.3% Above Elder Index)
- African-American*: 52.4% (16.3% < 100% FPL, 31.3% 100 FPL-Elder Index (Hidden Poor), 20.1% Above Elder Index)
- Asian*: 51.0% (20.1% < 100% FPL, 28.9% 100 FPL-Elder Index (Hidden Poor), 70.3% Above Elder Index)
- White*: 21.8% (7.8% < 100% FPL, 14.0% 100 FPL-Elder Index (Hidden Poor), 90.0% Above Elder Index)

* NonLatino

Hidden Health Problems Among California’s “Hidden Poor”

Steven P. Wallace, D. Imelda Padilla-Frausto

Many older Californians have incomes that are just above the federal poverty level (FPL) but below a decent minimum standard of living as determined by the Elder Economic Security Standard™ Index (Elder Index), a measure of poverty that takes into account the true cost of living in all 58 California counties. These older adults—the “hidden poor”—have substantially more health problems and less access to care than those with higher incomes, but they cannot afford to pay privately for assistance and often do not qualify for public programs that could help them manage their health problems. Planners and policymakers need to pay more attention to this hidden poor population.

More “hidden poor” than poor

Almost one-quarter (24.2 percent), or 655,000, California adults age 65 and older living alone or with only their spouse/partner had a 2013 income above the federal poverty level (FPL) but below the Elder Economic Security Standard™ Index (Elder Index), according to the U.S. Census American Community Survey. This is more than twice as many as those who had incomes below the FPL (11.6 percent). Latino, African-American, and Asian older adults who lived alone or with only their spouse/partner had the highest rates of being among the hidden poor (35.4, 30.6 and 29.2 percent, respectively); combining
Fair & Poor Health by Elder Index, Singles & Couples, Ages 65+, California, 2013-14

- < 100% FPL: 47.3%
- 100% FPL - Elder Index (Hidden Poor): 33.9%
- Above Elder Index: 17.5%

Source: 2013-14 California Health Interview Survey
Depression* by Elder Index, Singles & Couples, Ages 65+, California, 2013-14

*Self reports feeling depressed some, most, or all of the time in past month

Source: 2013-14 California Health Interview Survey
Difficulty Obtaining Timely Medical Care by Elder Index, Singles & Couples Ages 65+, California, 2013-14

- **< 100% FPL**: 30.7%
- **100% FPL-Elder Index (Hidden Poor)**: 22.2%
- **Above Elder Index**: 11.9%

Source: 2013-14 California Health Interview Survey
Diagnosed with Diabetes by Income, Singles & Couples Ages 65+, California, 2013-14

Source: 2013-14 California Health Interview Survey
Diabetics Reporting Management Plan by Income, Singles & Couples Ages 65+, California, 2013-14

- < 100% FPL: 62.0%
- 100% FPL-Elder Index (Hidden Poor): 66.7%
- Above Elder Index: 81.2%

Source: 2013-14 California Health Interview Survey
Flu Shot last year by Income, Singles & Couples Ages 65+, California, 2013-14

Source: 2011-12 California Health InterviewSurvey
Policy Solutions

- Improve incomes of low-income older adults
- Improve access to affordable housing
- Improve access to food, health care, transportation
Conclusions

We can not ignore economic insecurity among older adults

1. Economic insecurity is common in among older adults
2. We must accurately identify those who are economically insecure (Elder Index)
3. The health care needs of the hidden poor are high & services don’t match need
4. We should provide the supports needed to live a minimal decent life after all that our seniors have contributed during their lifetimes
Thank You!!

www.healthpolicy.ucla.edu/ElderIndex

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Understanding Low-Income Older Adults through Research and Data

Monique Morrissey
Economic Policy Institute
Get this presentation at

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Supplemental Poverty Measure by year and broad age group, 2013-2015

- <18: 16.1%
- 18-64: 13.6%
- 65+: 12.8%

Economic Policy Institute
Supplemental Poverty Measure by sex and marital status, seniors 65+, 2013-2015

Economic Policy Institute
Supplemental Poverty Measure by sex and detailed marital status, seniors 65+, 2013-2015

- Married couples: 11%
- Separated men: 14%
- Divorced men: 14%
- Widowed men: 22%
- Never married men: 27%
- Separated women: 20%
- Divorced women: 21%
- Widowed women: 27%
- Never married women: 34%

Economic Policy Institute
Supplemental Poverty Measure by sex and age, seniors 65+, 2013-2015

- Men 65-79: 12%
- Men 80+: 15%
- Women 65-79: 15%
- Women 80+: 23%

Economic Policy Institute
Supplemental Poverty Measure by race/ethnicity, seniors 65+, 2013-2015

- White: 12%
- Black: 24%
- Asian: 22%
- Hispanic: 27%

Economic Policy Institute
Supplemental Poverty Measure by race/ethnicity and sex, seniors 65+, 2013-2015

- White men: 9%
- White women: 14%
- Black men: 21%
- Black women: 26%
- Asian men: 20%
- Asian women: 23%
- Hispanic men: 26%
- Hispanic women: 28%

Economic Policy Institute
Supplemental Poverty Measure by race/ethnicity and age, seniors 65+, 2013-2015

- White age 65-79: 11%
- White age 80+: 18%
- Black age 65-79: 23%
- Black age 80+: 29%
- Asian age 65-79: 21%
- Asian age 80+: 26%
- Hispanic age 65-79: 27%
- Hispanic age 80+: 31%

Economic Policy Institute
Supplemental Poverty Measure by citizenship status, seniors 65+, 2013-2015

- Native born: 13%
- Naturalized citizen: 23%
- Non-citizen: 32%

Economic Policy Institute
Supplemental Poverty Measure by state, seniors 65+, 2013-2015

Economic Policy Institute
Most families—even those approaching retirement—have little or no retirement savings

Median retirement account savings of families by age, 1989–2013 (2013 dollars)

More people have 401(k)s, but participation in traditional pensions is more equal

Retirement plan participation of families age 32–61 by family income, race and ethnicity, education, gender, and marital status, 2013


Economic Policy Institute
Most black and Hispanic families have no retirement account savings

Share of families age 32–61 with retirement account savings by race, 1989–2013


Economic Policy Institute
Racial and ethnic gaps are large even among families with retirement savings

College-educated families are much more likely to have retirement savings
Share of families age 32–61 with retirement account savings by education, 1989–2013


Economic Policy Institute
College-educated families have much larger retirement account balances


Economic Policy Institute
Single people are less likely to have retirement savings
Share of families age 32–61 with retirement account savings by gender and marital status, 1989–2013

Single people have less, but retirement savings are too low across the board


Family finances still have not recovered from the collapse of the housing bubble

Economic Policy Institute
Retirement inequality is greater than income inequality even in peak earning years
Share of total retirement account savings and total income for families in peak earning years (age 50–55) by income quintile, 2013

Older, minority, unmarried, female, and less-educated seniors are most vulnerable in retirement

Median income of people age 65 and older by age, race and ethnicity, education, gender, and marital status, 2014


Economic Policy Institute
Social Security is the most important source of income for seniors
Annual income of people age 65 and older by source, 2014


Economic Policy Institute
Earnings and overall income decline with age
Mean annual income of people age 65 and older by source and by age, 2014


Economic Policy Institute
Low-income seniors are almost entirely reliant on Social Security, whereas earnings matter most for high-income seniors
Mean annual income of people age 65 and older by source and by family income quintile, 2014

Social Security is important to all racial and ethnic groups, while pensions make biggest difference for blacks
Mean annual income of people age 65 and older by race and ethnicity, 2014


Economic Policy Institute
Social Security is important to all education groups (and 401(k)s and IRA distributions are not)
Mean annual income of people 65 and older by source and education, 2014


Economic Policy Institute
Single women rely most on Social Security
Mean annual income of people 65 and older by source, gender, and marital status, 2014

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