

# GAO Highlights

Highlights of [GAO-14-53](#), a report to congressional requesters

## Why GAO Did This Study

Nearly 7 million individuals aged 55 to 64—more than 18 percent of the pre-Medicare population—lacked health insurance coverage in the first half of 2012. Health insurance protects individuals from the risk of financial hardship when they need medical care, and uninsured individuals may refrain from seeking necessary care because of the cost. If they forgo medical care beforehand, these individuals may be in worse health and need costlier medical services after enrolling in Medicare compared to those with prior insurance.

GAO was asked to review the effects of having prior health insurance coverage on Medicare beneficiaries. This report examines the health status, program spending, and use of services of Medicare beneficiaries with and without continuous health insurance coverage before Medicare enrollment. To examine the effects of beneficiaries' prior insurance coverage, GAO used data from the Health and Retirement Study and Medicare claims to conduct two types of multivariate analysis. GAO predicted probabilities of beneficiaries' reporting being in good health or better and values for program spending and beneficiaries' use of services.

In comments on a draft of this report, the Department of Health and Human Services highlighted a key finding in GAO's report that beneficiaries with prior insurance used fewer or less costly medical services in Medicare compared with those without prior insurance.

View [GAO-14-53](#). For more information, contact James Cosgrove at (202) 512-7114 or [cosgrovej@gao.gov](mailto:cosgrovej@gao.gov).

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## MEDICARE

### Continuous Insurance before Enrollment Associated with Better Health and Lower Program Spending

## What GAO Found

Beneficiaries with continuous health insurance coverage for approximately 6 years before enrolling in Medicare were more likely than those without prior continuous insurance to report being in good health or better during the first 6 years in Medicare. In particular, having prior continuous insurance raised the predicted probability that a beneficiary reported being in good health or better by nearly 6 percentage points during the first 6 years in Medicare.

Beneficiaries with prior continuous insurance had lower total program spending during the first year in Medicare compared with those without prior continuous insurance. Specifically, during the first year in Medicare, beneficiaries with prior continuous insurance had approximately \$2,300, or 35 percent, less in average predicted total spending than those without prior continuous insurance. Similarly, beneficiaries with prior continuous insurance had lower institutional outpatient spending—for example, spending for services provided in a hospital outpatient setting—during the first and second years in Medicare compared with those without prior continuous insurance. In contrast, physician and other noninstitutional spending—spending for services provided by physicians, clinical laboratories, free-standing ambulatory surgical centers, and other noninstitutional providers—were similar during the early years in Medicare for beneficiaries with and without prior continuous insurance. However, during the fourth and fifth years in Medicare, beneficiaries with prior continuous insurance had physician and other noninstitutional spending that was about 30 percent higher than beneficiaries without prior continuous insurance.

Beneficiaries with prior continuous insurance had more physician office visits during the first 5 years in Medicare compared with those without prior continuous insurance. Specifically, during the first 5 years in Medicare, the difference in the average predicted number of physician office visits between beneficiaries with and without prior continuous insurance ranged from 1.3 to 2.5, or 23 to 46 percent. This utilization pattern may indicate that, even after Medicare enrollment, beneficiaries with prior continuous insurance continued to access medical services differently from those without prior continuous insurance. The number of institutional outpatient visits was similar for beneficiaries with and without prior continuous insurance for the first 5 years after Medicare enrollment.

Taken together, GAO's results show that, consistent with those of some other researchers, beneficiaries with prior continuous insurance used fewer or less costly medical services compared with beneficiaries without such insurance during the early years in Medicare, because they either were in better health or were accustomed to accessing medical services differently. This suggests that the extent to which individuals enroll in private insurance before age 65 has implications for beneficiaries' health status and Medicare spending.