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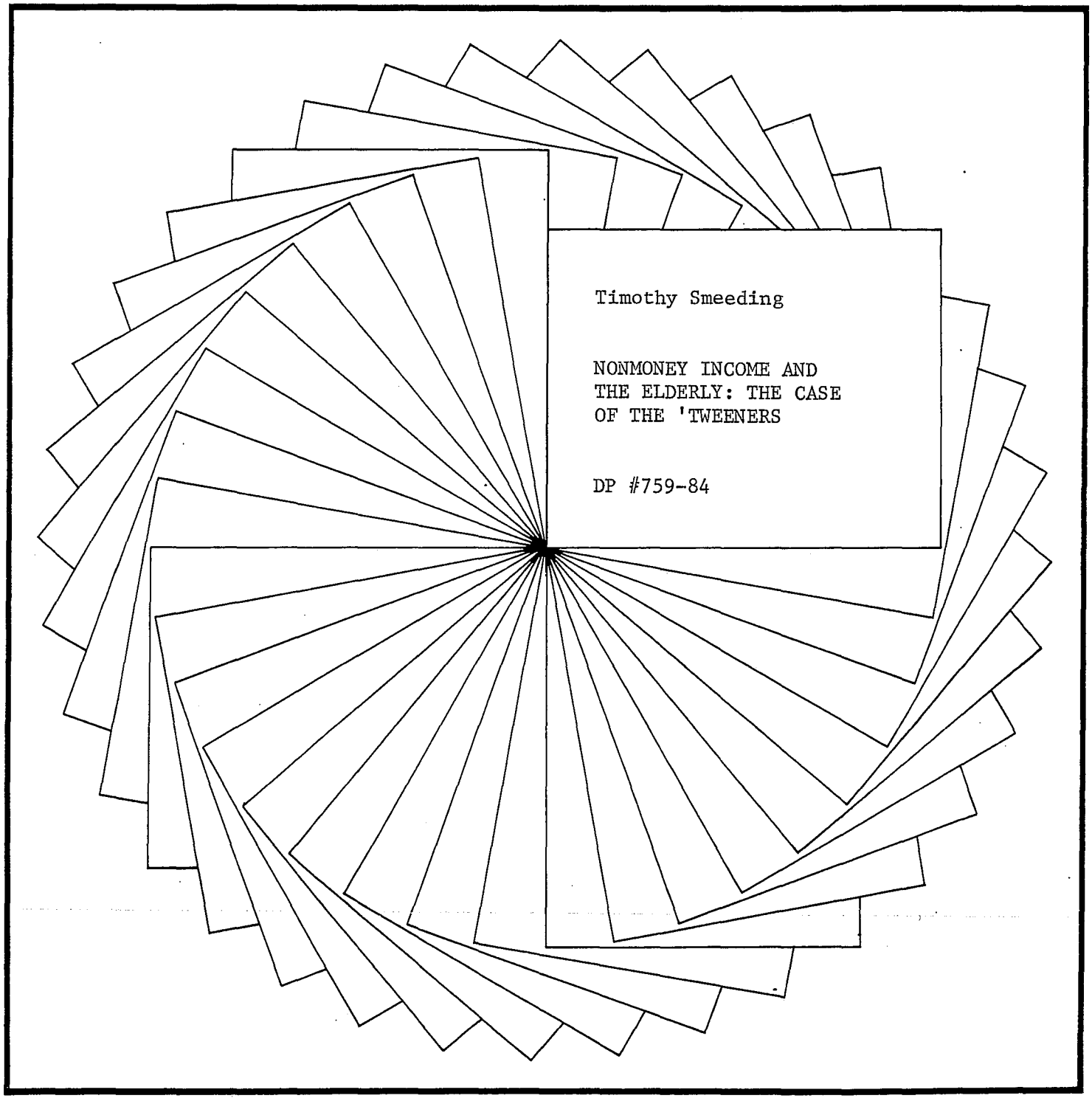

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NONMONEY INCOME AND THE ELDERLY: THE CASE OF THE 'TWEENERS

Timothy M. Smeeding, Director
Division of Social Science Research
and Professor of Economics
University of Utah
Salt Lake City, Utah 84112

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ABSTRACT

This paper examines the degree of economic security experienced by the population aged 65 and over. Elderly people in the United States now enjoy an average degree of economic well-being that is high relative to the younger population. Within that average there is variance, however. This analysis finds that elderly persons in the lower-middle income range--within 100 and 200 percent of the poverty line--are economically more vulnerable than either those of high income or those below the poverty threshold.

Virtually all of the elderly benefit from social security retirement income (OASI) and Medicare. The poor receive in addition substantial means-tested cash and in-kind transfers, and the well-to-do receive enough additional subsidies and tax-free income to leave them better off after government intervention than before it. But those in between--the 'tweeners--are more likely to rent unsubsidized housing, are less likely to have non-Medicare health subsidies, and are more likely to rely on OASI as their primary source of income. When facing economic and/or health problems, the only way they can improve their well-being is to spend themselves down to penury and thereby qualify for means-tested cash and in-kind transfers, in the form of Medicaid and Supplemental Security Income.

I. Introduction

Economic well-being or economic security depends on economic resources relative to needs. This security is made up of current incomes and assets and also expectations concerning future changes in those incomes and assets. Those who feel confident that they will have the economic wherewithal to cope with expected or unexpected economic change will be economically secure. More formally, economists would argue that the utility of the elderly in particular (and also the nonelderly) depends positively on their incomes and positively on the absence of financial insecurity. Below we argue that there is a value which the elderly place on being secure and that overall measures of the well-being or utility of the elderly should take account of how secure their incomes are.

The potential sources of income insecurity that are most volatile for the elderly are those concerning the adequacy of their health insurance, the regularity and dependability of their sources of income, and the flexibility of their incomes and assets to adjust to price changes. Good health insurance, protection against inflation, and dependable income sources will add measurably to the economic security of the elderly by insulating them against unfortunate contingencies (e.g. death of a spouse). On the other hand, inadequate health insurance, lack of insulation against potentially large price changes, and undependable income flows, often coupled with the powerlessness to react to such changes, all increase economic insecurity by reducing the ability of the elderly to cope with either expected or unexpected economic change. In this way uncertainty and insecurity can reduce economic well-being.

The purpose of this paper is to seek out the chinks in the economic armor of the elderly in the form of income insecurities against which

many of them feel (or actually are) powerless. The second section of this paper briefly describes the data used to measure the economic security of the elderly. Section III discusses the concept of the "'tweeners" on which the paper focuses, while Section IV discusses the specific sources of economic insecurity which we feel are important to the elderly. Section V presents the results of our analyses. The existence of these insecurities creates policy problems that are briefly discussed in the final section (VI) of the paper.

II. Data

The existing studies of the impact of nonmoney income on the elderly are either based on ten-year-old (Danziger et al., 1984) or twenty-year-old (Moon, 1977a) data sources, or do not sufficiently capture the complex distributive nature of nonmoney income among the elderly (Hurd and Shoven, 1982; 1984). None of the existing studies capture all of the major sources of nonmoney income[1] or their distributive importance among the elderly. Moreover, between 1970 and 1979, constant (1982) dollar in-kind transfers to the elderly from Medicare, Medicaid, Food Stamps, and public housing alone increased from $21.13 billion to $46.19 billion. By 1982 these benefits reached $56.14 billion (U.S. Bureau of the Census, 1984), almost three times their 1970 level. In addition, 2.9 million or about 30 percent of men age 65 or over are eligible for health benefits from the Veterans' Administration. The value of these rights has not yet been estimated or distributed.

Over and above public income transfer benefits in-kind, the elderly receive other important types of noncash income. Employer health insurance subsidies that continue on into retirement now supplement

Medicare for over four million elderly persons. The elderly also benefit heavily from the fact that three-quarters of all households over age 65 are homeowners, the large majority of whom have little or no expenses for that housing beyond property tax (which is itself often reduced due to old age alone), maintenance, and/or utilities. Finally, over 10 percent of all elderly renters, 425,000 households, live in housing units for which they pay no cash rent, thus being liable only for utility bills at most. While we have no earlier comparable data on which to estimate their growth, the rapid increase in housing prices during the 1970s, and the substantive increase in employer health benefits that continue on into retirement (Skolnick, 1976) indicate a pattern of growth in both implicit rental value and employer health subsidies for the aged similar to that which can be observed in the case of noncash transfers. The effect of these nonpublic sources of income in-kind and their distributional impact on the well-being of the elderly need to be investigated as well.

Table 1 indicates the aggregate and average market values [2] of nonmoney income in the form of food, housing, and medical benefits for elderly households[3] in 1979, as compared to their money income before and after tax. Census money income is the normal measure of income used to analyze the economic status of the elderly (e.g. see Quinn, 1983; Grad, 1983). But it overstates their well-being by $17.4 billion that they pay in federal and state income taxes and payroll taxes. More important, the Census money income measure omits $39.3 billion in noncash food, housing, and medical income, 21.9 percent of Census income, and 24.3 percent of after-tax income.

Table 1

The Value of Nonmoney Income for Households with Householder Age 65 or Older in 1979

Income Type	Aggregate Value (Millions)	Mean Value per Recipient Household
A. Food		
1. Food Stamps[1]	$ 445.5	$ 435
B. Housing		
2. Public Housing[1]	932.4	1,080
3. "Rent Free" Housing	494.6	1,165
4. Implicit Rental Value for Owner Occupiers	13,348.7	1,115
(Subtotal)	14,775.7	
C. Medical Insurance		
5. Medicare[1]	18,582.1	1,233
6. Medicaid[1,2]	1,906.2	720
7. Employer or Union Subsidies	2,346.0	859
8. Veteran's Medicare Care[1]	1,265.0	561
(Subtotal)	24,099.3	
Total Value of Nonmoney Income	39,320.5	2,428[4]
Census Money Income	179,077.3	11,059
Census Money Income Net of Direct Tax[3]	$161,730.3	$ 9,988

Source: Author's tabulations from augmented March 1980 Current Population Survey data tape. See Smeeding (1982a, 1984) for details.

Notes:

[1]Public in-kind transfers.

[2]Medicaid benefits are net of outlays for the institutionalized.

[3]Direct taxes include employee payroll taxes and federal and state income taxes.

[4]Mean value for all households.

The majority of this income takes the form of medical transfers, followed by housing benefits and finally by food stamps. Although public transfers make up $23.1 billion or 58.8 percent of this total, rent-free housing, implicit rental value for homeowners, and employer health care subsidies which added up to a market value of $16.2 billion in 1979, are not insubstantial. Average housing benefits for recipient households are above $1100 per year. Outside of Medicare, which benefits virtually all elderly, the other three major health care subsidies average about $700 per household unit.

These sources of income in-kind were assigned their market values (or cost to the government) and statistically matched to a March 1980 Current Population Survey data tape. Details of the matching procedure are included in Smeeding (1982a, 1984).

Adding income in-kind to the after tax cash incomes of the elderly produced a more equal income distribution, as it did in the earlier Danziger et al. (1984) and Moon (1977a) research. But because of the richness of this data set, and because of the relatively large amounts of nonmoney income that were distributed, we were able to carry out a detailed assessment of those who received (or did not receive) substantial amounts of income in-kind. We now turn to the investigation of this distribution of nonmoney income. In particular we focus on the 'tweeners: a group of elderly households who by and large escape the economic security afforded by the in-kind income safety net.

III. The 'Tweeners

Our major thesis is that disproportionate numbers of the elderly in the lower-middle-income ranges, those with "welfare ratios" of Census income to the poverty line[4] between 1.0 and 2.0, will be vulnerable to at least two of our three major sources of economic insecurity. Those living with incomes above this range (i.e., with welfare ratios of 2.0 or above) will likely have sufficient economic resources to assure their security. On the other hand, those living below the poverty level (welfare ratios below 1.0) will be largely protected against these insecurities by means-tested entitlement programs that insulate them from large medical bills, changes in Social Security, or unexpected price increases. While these people are worse off in actual cash income terms than are the near poor and lower-income elderly with cash income welfare ratios between 1.0 and 2.0, these lower-income persons have a far more secure economic status than the group just above them. In fact, on a full cash-plus-noncash-income basis, the cash poor quite often have higher total cash and in-kind incomes than those who appear to be better off in cash income terms alone.

The remaining 5.68 million households, roughly one-third of the elderly, with welfare ratios between 1.0 and 2.0, with cash incomes from about $3500 (1.0 times the poverty line for a single person) to about $8700 (2.0 times the poverty line for an elderly couple) in 1979, or about $5000 to $12,000 in 1984, are unfortunately too "well-off" to qualify for means-tested cash and in-kind benefit programs, yet not well enough off to avoid economic insecurity. In short, they are caught in the middle. For these lower-middle-income elderly, nonmoney income in

the form of housing and medical care can help replace higher cash incomes as a source of protection against adverse economic situations. On the other hand, lack of adequate nonmoney income protection for the group can be most troublesome. Within this (lower) middle income elderly group, we call those who are subject to two or more sources of income insecurity (defined in Section III below) the 'tweeners, because they live between the two groups who, for completely opposite reasons, are better protected against these economic insecurities.

We have chosen the range of welfare ratios between 1.0 to 2.0 to demarcate the 'tweeners, because in most states the eligibility limits for SSI (including income deductions and the $240 OASI disregard that over 70 percent of elderly SSI beneficiaries enjoy) are just about equal to the poverty line, thus yielding a lower-bound welfare ratio of 1.0. The upper bound of 2.0 was chosen because someone whom we judge to be well protected against most sources of income insecurity would have enough additional cash income in the form of earnings, property income, or employer pensions to reach 2.0 times the poverty level. Any additional income in-kind from housing, food, or medical care, or unrealized property income, would only make these families more secure.

Our basic point is to argue that the 'tweeners, those with low but nonpoverty cash incomes (mainly from OASI) and without the security against unfortunate contingencies that nonmoney income provides, may in fact be worse off than those who have poverty level cash incomes but cash and in-kind security against these contingencies. But to do so, we must deal with one potentially large problem. Of those elderly with welfare ratios of 1.00 or below, about 29.1 percent of all elderly households, a

large proportion, perhaps as many as one-third, may be income-eligible but asset-ineligible for means-tested programs.[5] Moon (1977b) and MacDonald (1981) found that about 15 to 17 percent of all elderly units were in this situation regarding the SSI and Food Stamps programs respectively. Radner and Vaughn (1983) indicate that even among elderly units with Census money incomes below $7267 in 1979, about the bottom 40 percent of the elderly ranked by this income measure, only 30 percent had financial assets below $3311. In other words, considering the liquid or financial asset barriers to the SSI program and to the Food Stamp program--both of which had $3000 resource limits for couples in 1979--or to the Medicaid program--whose limits are about the same as these in most states--only 30 percent of the bottom 40 percent of elderly, about 2.0 million units, could be eligible on assets grounds alone. Many of these would, however, fail the income test, their incomes being too high to qualify for benefits in any case. Thus to the extent that those 20 to 30 percent of households with welfare ratios below 1.00, about .6 to .9 million units, are asset-ineligible for means-tested programs, they have no publicly provided economic security until their current source of economic security (i.e., their liquid assets) is depleted. To the 'tweeners we might add these elderly with even lower cash incomes who are not eligible for the means-tested security net because their liquid assets--for many the last source of economic security--are above the official program eligibility limits.

IV. Sources of Economic Insecurity.

The three specific major sources of economic insecurity among the middle-income elderly which define the 'tweeners and which we consider most crucial to their economic vulnerability are interrelated but separable. These include reliance on Medicare as their only health insurance subsidy (or in very rare cases, reliance on no health insurance subsidy at all); failure to receive any housing income in-kind; and finally reliance on Social Security (OASI) as the primary source of money income.

Perhaps the greatest vulnerability of the elderly is to high health care costs. Today the elderly pay less than 35 percent of their total health care bill out of pocket as compared to 70 percent in 1965 (Moon, 1983). Yet families with incomes below $10,000 (in 1984 dollars) today spend about 16.5 percent of their incomes on direct health care costs or on supplemental health insurance, as compared to 1.0 percent for the elderly with incomes above $30,000 (Moon, 1983). In 1961, before Medicare, the elderly income share spent on medical care was no higher than 11 percent even at poverty-line income levels (Smeeding, 1982a). Thus, paradoxically, while a larger proportion of the medical care outlays of the elderly are covered by subsidized insurance plans today, the economic burden of health care finance has also taken a larger share of their budgets, particularly for those with lower incomes or below average health insurance subsidies.

While Medicare covered 69 percent of all doctor and hospital bills in 1978, it paid less than 44 percent of the total health care outlays of the elderly (Moon, 1983). What covers the remaining portions of health

care bills? Persons now burdened with high medical outlays relative to income have either high acute or chronic medical needs, or are paying a hefty private supplemental insurance (medigap) premium to at least partially protect them against these exigencies. Virtually none of the elderly have private insurance protection covering long-term care, and many of these medigap policies provide only meager benefits (Cafferata, 1983). Those who escape these burdens, and who are thus more secure, either have high enough incomes (and assets) to cover medical emergencies,[6] or have an additional form of health insurance subsidy (beyond Medicare) to help purchase adequate coverage. This added subsidy can take three forms: Medicaid, VA health coverage, and employer-subsidized health insurance. Those with the first two added subsidies are well protected against almost every medical need, including nursing home care. Of course, these programs cover the poor (Medicaid), and elderly male veterans at all income levels (VA health care). Those with employer-subsidized insurance tend to have broad and substantial coverage, including not only Medicare deductibles and coinsurance, but also benefits not covered by Medicare (e.g., eyeglasses). In short, they tend to have the same kind and types of group health insurance coverage that most younger, and healthier, employed household heads enjoy (Cafferata, 1983). Those without such subsidies must either rely on Medicare alone or purchase largely substandard supplementary insurance with their own funds. Researchers have shown that this Medicare-only elderly group has fewer visits to doctors, fewer hospital days, and buys fewer drugs than do other elderly. Moreover, these data suggest that this lower utilization pattern is primarily due to financial barriers to

care and not to better health status (Berk and Wilensky, 1983). Thus lack of any health insurance subsidy beyond Medicare is a sign of economic insecurity due to risk of high medical bills and possibly even medical economic catastrophe.

Over 80 percent of all elderly households and almost 90 percent of all elderly couples receive some form of housing income in-kind, which shields them from substantial rental housing costs or unexpected changes in those costs. Shelter costs, including housing, utilities, and property taxes, take the highest budget share of the incomes of the elderly (U.S. Bureau of Labor Statistics, 1978). While owning one's own home outright still leaves open the possibility of economic vulnerability to rising utility bills or property taxes (net of state and local property tax relief for the elderly), other housing costs are virtually zero.[7] Moreover, these elderly homeowners have an added source of economic security, equity in the home per se. In 1979, this equity averaged $39,450 (Radner and Vaughn, 1983) and by 1983, $56,133 (Avery et al., 1984). Increasingly, home equity conversion plans and reverse annuity mortgage plans are permitting financially insecure elderly owners to borrow against this asset without having to leave their homes (Jacobs, 1982).

Those living rent free or in subsidized public housing either pay no shelter costs (except possibly utility bills) in the former case, or a fixed share of income not to exceed 30 percent of money income net of deductions for other needs in the latter. Thus we would argue that housing costs among elderly unsubsidized nonowners are higher and more volatile than those facing elderly owners or subsidized renters,

presenting the unsubsidized renter with economic vulnerability to both rents and rising utility bills as well as a substantially higher real cost of living.[8] On these grounds we argue that households with no in-kind housing income are vulnerable to high housing costs and that these costs are a source of economic insecurity. Subsidized renters are at least partially protected by their subsidy arrangements, while elderly homeowners also enjoy the advantage of their home as an asset per se.

The last of our three sources of economic insecurity for the elderly is reliance on OASI as the primary source (50 percent or more) of money income. In 1978, elderly households with incomes below $10,000 relied on OASI for over 60 percent of their cash income (Grad, 1983). Although OASI was originally designed to provide only partial retirement income, it has become the overwhelming primary income source for many elderly, particularly aged widows. At the same time, the financial problems which beset the OASDHI system have reached crisis proportions. While the OASI and DI (Disability) trust funds are barely solvent, and the HI (Medicare) trust fund will be completely depleted by 1994 (Munnell, 1985). Should the HI fund "borrow" from the OASDI funds, or should another severe economic downturn occur later this decade, trust fund insolvency could again plague OASDI. After 1987, the 1983 Social Security amendments stipulate that if trust fund reserves become depleted, OASI cost-of-living adjustments will be reduced to preserve solvency. In addition, the large and growing share of total federal outlays accounted for by OASDI make it an increasingly appealing target for benefit reductions or cost-of-living adjustment delays. The 1983 amendments have already led to one postponement in the annual cost-of-living escalator,

while the Senate Budget Committee recently voted to freeze OASDI benefits for 1986. From an economic point of view, benefit reductions or delays in OASDI cost-of-living adjustments produce the same results: a decline in real income. Moreover, as Ruggles (1982) and Danziger et al. (1984) have shown, these declines are cumulative in nature, having very large compound effects over multiyear periods.

For those low-income units covered by SSI in addition to OASI, real OASI benefit reductions have no effect: for every dollar cut in OASI, they garner a dollar more in SSI (Burkhauser and Smeeding, 1981).[9] For high-income units (e.g., those with incomes of $10,000 and over) who rely on OASI for 25 percent or less of their total cash incomes (Grad, 1983), reductions in OASI benefits can be borne with little reduction in economic status. Quite simply, they can afford it. Thus we argue that reliance on OASI as the primary source of money income puts elderly units in a position of economic insecurity via dependence on budgetary exigencies and the increasingly general belief that all of the elderly "can afford" reductions in OASI with little cost. For the elderly as a group, or for the "average" elderly unit this may well be true, but we must also remember to beware of the mean.

While any one of these three conditions of economic insecurity could perhaps be withstood with little economic pain, combinations of these conditions (e.g., two or more) will almost surely create an insecure and unstable economic state for affected households. The cumulative effects of high (actual or anticipated) medical care and housing costs relative to a modest cash income that relies heavily on OASI as its source do not connote the well-off elderly household that has recently gained so much attention.

V. Results

The first piece of evidence to support this hypothesis is contained in Table 2 in which all elderly households are split into three groups: the 18.0 percent of households who are the poor (welfare ratio of 1.0 or less): the 46.9 percent who are the well-to-do (welfare ratio of 2.0 or above); and the remaining 35.1 percent of households who are in the middle. Our three conditions of economic insecurity and various combinations of these conditions are also shown here. About 55 percent of the elderly receive only Medicare as a health insurance subsidy; 18 percent have no housing income in-kind, and almost 54 percent rely on OASDI for more than half of their incomes. In each case the percent are with a given condition rises when going from the first (poor) to the second (middle) grouping and falls precipitously in the last (well-to-do) grouping . As argued above, we should be more concerned with combinations of conditions than with single conditions alone. Thus panel C shows various mixtures of combinations for each unit grouping. Upon close scrutiny Table 2 indicates that a larger fraction of the middle group are subject to two or more conditions of income insecurity than are any other grouping. These are the 'tweeners.

These results can be more succinctly summarized as follows:

Conditions of Economic Insecurity	Types of Units (Millions) Poor	Middle	Well-to-Do	Total
Two or More	1.58	3.49	1.71	6.78
(Percent)	(54.1)	(61.4)	(22.5)	(41.9)
One or None	1.34	2.19	5.88	9.41
(Percent)	(45.9)	(38.6)	(77.5)	(58.1)

Table 2
Conditions of Income Insecurity among Elderly Households (Millions) in 1979:
All Elderly Households Ranked by Welfare Ratio[1]

Conditions	Poor	Middle			Well-to-Do		Totals
	Below 1.0	1.0-1.24	1.25-1.49	1.50-1.99	2.00-3.99	4.00+	
A. Total Households	2.92	1.80	1.45	2.43	5.02	2.57	16.19
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
B. Conditions of Income Insecurity							
1. Medicare Only Health Insurance Subsidy[2]	1.51	1.13	.93	1.58	2.80	.98	8.93
(Percent)	(51.7)	(62.8)	(64.1)	(65.0)	(55.8)	(38.1)	(55.2)
2. No Housing Income In-Kind	.65	.42	.30	.44	.79	.33	2.93
(Percent)	(21.3)	(23.3)	(20.7)	(18.1)	(15.7)	(12.8)	(18.1)
3. OASDI Exceeds 50% of Census Income	2.29	1.52	1.19	1.78	1.89	.04	8.72
(Percent)	(78.4)	(84.4)	(82.1)	(73.3)	(37.6)	(1.6)	(53.9)
C. Combinations of Conditions							
4. Any One Condition Only	1.00	.51	.43	.79	2.21	1.01	5.96
(Percent)	(34.2)	(28.3)	(29.7)	(32.5)	(44.0)	(39.3)	(36.8)
5. Two Conditions Only	1.29	.98	.76	1.18	1.38	.16	5.77
(Percent)	(44.2)	(54.4)	(52.4)	(48.6)	(27.5)	(6.2)	(35.6)
(1 and 2 Only)	.02	.02	.02	.08	.29	.14	.58
(Percent)	(0.7)	(1.1)	(1.4)	(3.3)	(5.8)	(5.4)	(3.6)
(2 and 3 Only)	.22	.13	.08	.10	.10	.00	.64)
(Percent)	(7.5)	(7.2)	(5.5)	(4.1)	(2.0)	(0.0)	(4.0)
(1 and 3 Only)	1.05	.83	.66	1.00	.99	.02	4.55
(Percent)	(36.0)	(46.1)	(45.5)	(41.2)	(19.7)	(0.8)	(28.1)
6. All Three Conditions	.29	.20	.15	.22	.17	.00	1.03
(Percent)	(9.9)	(11.1)	(10.3)	(9.1)	(3.4)	(0.0)	(6.4)
7. No Conditions	.34	.11	.11	.24	1.26	1.40	3.46
(Percent)	(11.6)	(6.1)	(7.6)	(9.9)	(25.1)	(54.5)	(21.4)
8. At least Two Conditions	1.58	1.18	.91	1.40	1.55	.16	6.80
(Percent)	(54.1)	(65.6)	(62.8)	(57.6)	(30.9)	(6.2)	(4.19)
9. One or No Conditions	1.34	.62	.54	1.03	3.47	2.41	9.41
(Percent)	(45.9)	(34.4)	(37.2)	(42.4)	(69.1)	(93.8)	(58.1)

Notes: Tables may not add up due to rounding error.

[1]Ratio of Census income to poverty line.

[2]Includes those with no health insurance at all.

Over half, 3.49 of 6.78 million, of the elderly units experiencing two or more conditions of income insecurity are 'tweeners (in the box above). Among the middle-income group more than three in five (61.4 percent) are so situated. These 'tweeners make up 21.5 percent of all elderly households.

Given the currently low incomes of 'tweeners, one should consider their ability to increase their income flow when faced with some unfortunate economic contingency. The primary way in which most younger households react to economic crisis is to attempt to increase earned income. However, our data set indicates that less than 30 percent of the 'tweeners had earnings in 1979, and their earnings averaged less than 35 percent of their money incomes. Those elderly attempting to increase earnings may also be faced with the OASI retirement-test tax and poor job prospects. Finally to the extent that the 'tweeners are largely older or single-person units faced with a serious medical problem, there is by definition little or no chance of earnings being increased to offset high medical bills.

Tables 3 through 6 replicate Table 2, but for separate subgroups of the elderly: couples (Table 3), single women age 65-74 (Table 4), single women age 75 or older (Table 5), and single men (Table 6). Tables 7 and 8 summarize these findings. In each panel of Table 7 the 'tweeners are those in the middle-income group who are subject to two or more conditions of income insecurity (second row, second column in each panel). Table 8 further summarizes the 'tweeners (panel A) and indicates their representation among each population subgroup and among all elderly units combined (panel B).

Table 3
Conditions of Income Insecurity among Elderly Couples (Millions) in 1979:
Elderly Couples Ranked by Welfare Ratio[1]

Conditions	Poor	Middle			Well-to-Do		
	Below 1.0	1.0-1.24	1.25-1.49	1.50-1.99	2.00-3.99	4.00+	Total
A. Total Elderly Couples	.50	.37	.41	1.03	2.45	1.36	6.12
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
B. Conditions of Income Insecurity							
1. Medicare Only Health Insurance Subsidy[2]	.25	.22	.24	.62	1.24	.42	2.99
(Percent)	(50.0)	(59.5)	(58.5)	(60.2)	(50.6)	(30.9)	(49.0)
2. No Housing Income In-Kind	.07	.05	.05	.14	.25	.12	.67
(Percent)	(14.0)	(13.5)	(12.2)	(13.6)	(10.2)	(8.8)	(11.0)
3. OASDI Exceeds 50% of Census Income	.40	.32	.36	.84	1.27	.04	3.24
(Percent)	(80.0)	(86.5)	(87.8)	(81.6)	(51.8)	(2.9)	(53.1)
C. Combinations of Conditions							
4. Any One Only	.19	.12	.15	.35	.99	.45	2.25
(Percent)	(38.0)	(32.4)	(36.6)	(34.0)	(40.4)	(33.1)	(36.9)
5. Two Conditions Only	.24	.21	.21	.53	.80	.06	2.03
(Percent)	(48.0)	(56.8)	(51.2)	(51.5)	(32.7)	(4.4)	(33.3)
1 and 2 Only	.00	.00	.00	.01	.06	.04	.11
(Percent)	(0.0)	(0.0)	(0.0)	(1.0)	(2.4)	(2.9)	(1.8)
2 and 3 Only	.03	.02	.02	.05	.06	.00	.17
(Percent)	(6.0)	(5.4)	(4.9)	(4.9)	(2.4)	(0.0)	(2.8)
1 and 3 Only	.21	.19	.19	.47	.68	.02	1.75
(Percent)	(42.0)	(51.4)	(46.3)	(45.6)	(27.8)	(1.5)	(28.7)
6. All Three Conditions	.02	.02	.03	.06	.07	.00	.20
(Percent)	(4.0)	(5.4)	(7.3)	(5.8)	(2.9)	(0.0)	(3.3)
7. No Conditions	.05	.02	.02	.09	.59	.85	1.62
(Percent)	(10.0)	(5.4)	(4.9)	(8.7)	(24.1)	(62.5)	(26.6)
8. At Least Two Conditions	.26	.23	.24.	.59	.87	.06	2.23
(Percent)	(52.0)	(62.2)	(58.5)	(57.3)	(35.5)	(4.4)	(36.6)
9. One or No Conditions	.24	.14	.17	.44	1.58	1.30	3.87
(Percent)	(48.0)	(37.8)	(41.5)	(42.7)	(64.5)	(95.6)	(63.4)

Notes: Totals may not add up owing to rounding.

[1]Ratio of Census Income to Poverty Line.
[2]Includes those with no health insurance at all.

Table 4
Conditions of Income Insecurity Among Elderly Single Women, Age 65-74 (Millions) in 1979: All Single Women, Age 65-74, Ranked by Welfare Ratio[1]

Conditions	Poor	Middle			Well-to-Do		
	Below 1.0	1.0-1.24	1.25-1.49	1.50-1.99	2.00-3.99	4.00+	Total
A. Total Single Women, 65-74	.86	.49	.32	.43	.73	.23	3.06
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
B. Conditions of Income Insecurity							
1. Medicare Only Health Insurance Subsidy[2]	.46	.32	.23	.34	.48	.13	1.96
(Percent)	(53.5)	(65.3)	(71.9)	(79.1)	(65.8)	(56.5)	(64.1)
2. No Housing Income In-Kind	.21	.11	.07	.11	.20	.06	.76
(Percent)	(24.4)	(22.4)	(21.9)	(25.6)	(27.4)	(26.1)	(24.8)
3. OASDI Exceeds 50% of Census Income	.69	.41	.26	.30	.17	.00	1.83
(Percent)	(80.2)	(83.7)	(81.3)	(69.8)	(23.3)	(0.0)	(59.8)
C. Combination of Conditions							
4. Any One Only	.28	.12	.06	.12	.35	.13	1.06
(Percent)	(32.6)	(24.5)	(18.8)	(27.9)	(47.9)	(56.5)	(34.6)
5. Two Conditions Only	.40	.28	.19	.21	.19	.03	1.32
(Percent)	(46.5)	(57.1)	(59.4)	(48.8)	(26.0)	(13.0)	(43.1)
1 and 2 Only	.01	.00	.01	.02	.09	.03	.16
(Percent)	(1.2)	(0.0)	(3.1)	(4.7)	(12.3)	(13.0)	(5.2)
2 and 3 Only	.07	.04	.01	.01	.01	.00	.15
(Percent)	(8.1)	(8.2)	(3.1)	(2.3)	(1.4)	(0.0)	(4.9)
1 and 3 Only	.32	.24	.17	.18	.09	.00	1.01
(Percent)	(37.2)	(49.0)	(53.1)	(41.9)	(12.3)	(0.0)	(33.0)
6. All Three Conditions	.10	.05	.04	.06	.04	.00	.28
(Percent)	(11.6)	(10.2)	(12.5)	(14.0)	(5.5)	(0.0)	(9.2)
7. No Conditions	.08	.04	.03	.04	.15	.07	.40
(Percent)	(9.3)	(8.2)	(9.4)	(9.3)	(20.5)	(30.4)	(13.1)
8. At Least Two Conditions	.50	.33	.23	.27	.23	.03	1.60
(Percent)	(58.1)	(67.3)	(71.9)	(62.8)	(31.5)	(13.0)	(52.3)
9. One or No Conditions	.36	.16	.09	.16	.50	.20	1.46
(Percent)	(41.9)	(32.7)	(28.1)	(37.2)	(68.5)	(87.0)	(47.7)

Notes: Totals may not add up due to rounding error.

[1]Ratio of Census income to poverty line.
[2]Includes those with no health insurance at all.

Table 5
Conditions of Income Insecurity Among Elderly Single Women, Age 75 or Older (Millions) in 1979: All Single Women, Age 75 or Older, Ranked by Welfare Ratio[1]

Conditions	Poor	Middle			Well to-Do		
	Below 1.0	1.0-1.24	1.25-1.49	1.50-1.99	2.00-3.99	4.00+	Total
A. Total Single Women, 75 or Older	.89	.54	.35	.38	.38	.14	2.67
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
b. Conditions of Income Insecurity							
1. Medicare Only Health Insurance Subsidy[2]	.53	.42	.27	.30	.29	.10	1.92
(Percent)	(59.6)	(77.8)	(77.1)	(78.9)	(76.3)	(71.4)	(71.9)
2. No Housing Income In-Kind	.21	.14	.10	.10	.10	.04	.69
(Percent)	(23.6)	(25.9)	(28.6)	(26.3)	(26.3)	(28.6)	(25.8)
3. OASDI Exceeds 50% of Census Income	.75	.49	.30	.27	.07	.00	1.89
(Percent)	(84.3)	(90.7)	(85.7)	(71.1)	(18.4)	(0.0)	(70.8)
C. Combinations of Conditions							
4. Any One Only	.27	.09	.06	.10	.20	.07	.80
(Percent)	(30.3)	(16.7)	(17.1)	(26.3)	(52.6)	(50.0)	(30.0)
5. Two Conditions Only	.42	.34	.22	.19	.08	.04	1.30
(Percent)	(47.2)	(63.0)	(62.9)	(50.0)	(21.1)	(28.6)	(48.7)
1 and 2 Only	.01	.01	.01	.02	.05	.04	.14
(Percent)	(1.1)	(1.9)	(2.9)	(5.3)	(13.2)	(28.6)	(5.2)
2 and 3 Only	.05	.03	.03	.01	.00	.00	.12
(Percent)	(5.6)	(5.6)	(8.6)	(2.6)	(0.0)	(0.0)	(4.5)
1 and 3 Only	.36	.30	.18	.16	.03	.00	1.04
(Percent)	(40.4)	(55.6)	(51.4)	(42.1)	(7.9)	(0.0)	(39.0)
6. All Three Conditions	.13	.10	.06	.05	.03	.00	.37
(Percent)	(14.6)	(18.5)	(17.1)	(13.2)	(7.9)	(0.0)	(13.9)
7. No Conditions	.07	.01	.01	.04	.07	.03	.20
(Percent)	(7.9)	(1.9)	(2.9)	(10.5)	(18.4)	(21.4)	(7.5)
8. At Least Two Conditions	.55	.44	.28	.24	.11	.04	1.67
(Percent)	(61.8)	(81.5)	(80.0)	(63.2)	(28.9)	(28.6)	(62.5)
9. One or No Conditions	.34	.10	.07	.14	.27	.10	1.00
(Percent)	(38.2)	(18.5)	(20.0)	(36.8)	(71.1)	(71.4)	(37.5)

Notes: Totals may not add up due to rounding error.

[1]Ratio of Census income to poverty line.
[2]Includes those with no health insurance at all.

Table 6
Conditions of Income Insecurity Among Elderly Single Men, Age 65 or Older (Millions) in 1979: All Single Elderly Men, Age 65 or Older, Ranked by Weflare Ratio[1]

Conditions	Poor	Middle			Well-do-Do		
	Below 1.0	1.0-1.24	1.25-1.49	1.50-1.99	2.00-3.99	4.00+	Total
A. Total Single Men, 65 or Older	.34	.21	.17	.21	.34	.17	1.44
	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
B. Conditions of Income Insecurity							
1. Medicare Only Health Insurance Subsidy[2]	.14	.08	.07	.11	.17	.05	.62
(Percent)	(41.2)	(38.1)	(41.2)	(52.4)	(50.0)	(29.4)	(43.1)
2. No Housing Income In-Kind	.11	.05	.04	.05	.08	.05	.38
(Percent)	(32.4)	(23.8)	(23.5)	(23.8)	(23.5)	(29.4)	(26.4)
3. OASDI Exceeds 50% of Census Income	.27	.19	.14	.17	.11	.00	.88
(Percent)	(79.4)	(90.5)	(82.4)	(81.0)	(32.4)	(0.0)	(61.1)
C. Combinations of Conditions							
4. Any One Only	.13	.10	.08	.08	.16	.07	.61
(Percent)	(38.2)	(47.6)	(47.1)	(38.1)	(47.1)	(41.2)	(42.4)
5. Two Conditions Only	.15	.08	.06	.10	.09	.02	.50
(Percent)	(44.1)	(38.1)	(35.3)	(47.6)	(26.5)	(11.8)	(34.7)
1 and 2 Only	.00	.00	.00	.01	.02	.02	.05
(Percent)	(0.0)	(0.0)	(0.0)	(4.8)	(5.9)	(11.8)	(3.5)
2 and 3 Only	.06	.03	.01	.02	.02	.00	.14
(Percent)	(17.6)	(14.3)	(5.9)	(9.5)	(5.9)	(0.0)	(9.7)
1 and 3 Only	.09	.05	.05	.07	.05	.00	.31
(Percent)	(26.5)	(23.8)	(29.4)	(33.3)	(14.7)	(0.0)	(21.5)
6. All Three Conditions	.03	.02	.01	.02	.01	.00	.09
(Percent)	(8.8)	(9.5)	(5.9)	(9.5)	(2.9)	(0.0)	(6.3)
7. No Conditions	.03	.01	.02	.01	.08	.08	.24
(Percent)	(8.8)	(4.8)	(11.8)	(4.8)	(23.5)	(47.1)	(16.7)
8. At Least Two Conditions	.18	.10	.07	.12	.10	.02	.59
(Percent)	(52.9)	(47.6)	(41.2)	(57.1)	(29.4)	(11.8)	(41.0)
9. One or No Conditions	.16	.11	.10	.09	.24	.15	.85
(Percent)	(47.1)	(52.4)	(58.8)	(42.9)	(70.6)	(88.2)	(59.0)

Notes: Totals may not add up owing to rounding.

[1]Ratio of Census income to poverty line.
[2]Includes those with no health insurance at all.

Table 7
Conditions of Economic Insecurity: A Summary by Household Types (Millions)

Group	Total Units/Conditions of Economic Insecurity	Poor	Middle	Well-to-Do	Total [1]
A. All Units	Total Units	2.92	5.68	7.59	16.19
	(Percent)	(100.0)	(100.0)	(100.0)	(100.0)
	With Two or More Conditions	1.58	3.49	1.71	6.80
	(Percent)	(54.1)	(61.4)	(22.5)	(42.0)
	With One or No Conditions	1.34	2.19	5.88	9.39
	(Percent)	(45.9)	(38.6)	(77.5)	(58.0)
B. Elderly Couples	Total Units	.50	1.81	3.81	6.12
	(Percent)	(100.0)	(100.0)	(100.0)	(100.0)
	With Two or More Conditions	.26	1.06	.93	2.23
	(Percent)	(52.0)	(58.6)	(24.4)	(36.6)
	With One or No Conditions	.24	.75	2.88	3.87
	(Percent)	(48.0)	(41.4)	(49.3)	(63.4)
C. Single Females: 65-74	Total Units	.86	1.24	.96	3.06
	(Percent)	(100.0)	(100.0)	(100.0)	(100.0)
	With Two or More Conditions	.50	.83	.26	1.60
	(Percent)	(58.1)	(66.9)	(27.1)	(52.3)
	With One or No Conditions	.36	.41	.70	1.46
	(Percent)	(41.9)	(33.1)	(72.9)	(47.7)
D. Single Females: 75+	Total Units	.89	1.27	.52	2.67
	(Percent)	(100.0)	(100.0)	(100.0)	(100.0)
	With Two or More Conditions	.55	.96	.15	1.67
	(Percent)	(61.8)	(75.6)	(28.8)	(62.5)
	With One or No Conditions	.34	.31	.37	1.00
	(Percent)	(38.2)	(24.4)	(71.2)	(37.5)
E. Single Males	Total Units	.34	.59	.51	1.44
	(Percent)	(100.0)	(100.0)	(100.0)	(100.0)
	With Two or More Conditions	.18	.29	.12	.59
	(Percent)	(53.9)	(49.2)	(23.5)	(41.0)
	With One or No Conditions	.16	.30	.39	.85
	(Percent)	(47.1)	(50.8)	(76.5)	(59.0)

Note: Totals may not add up owing to rounding.

[1]Total includes 2.90 million "other" household units headed by a person age 65 or over. These units contain three or more persons, or two persons who are not married. Only 12 percent of such units are 'tweeners.

Table 8
The 'Tweeners: A Compositional Summary (Millions)

Type of Unit	Units with Two or More Conditions of Economic Insecurity: Poor	Middle ('Tweeners)	Well-to-Do	Total
A. Number and Type				
Total	1.58	3.49	1.71	6.78
(Percent)	(100.0)	(100.0)	(100.0)	(100.0)
Elderly Couples	.26	1.06	.93	2.24
(Percent)	(16.5)	(30.4)	(54.4)	(32.9)
Single Women Total	1.05	1.79	.41	3.27
(Percent)	(66.4)	(51.2)	(24.0)	(48.0)
Women: 65-74	.50	.83	.26	1.60
(Percent)	(31.6)	(23.8)	(15.2)	(23.5)
Women: 75+	.55	.96	.15	1.67
(Percent)	(34.8)	(27.5)	(8.8)	(24.6)
Single Males	.18	.29	.12	.59
(Percent)	(11.3)	(8.3)	(7.0)	(8.7)
Other[1]	.9	.35	.25	.70
(Percent)	(5.7)	(10.0)	(14.6)	(10.3)

B. Percentage Distribution of 'Tweeners	'Tweeners as a Percent of: Each Subgroup	All Elderly Units
All Units	21.5	21.5%
Elderly Couples	17.3	6.5
Single Women	31.2	11.1
(Age 65-74)	(27.1)	(5.1)
(Age 75+)	(36.0)	(5.9)
Elderly Men	20.1	1.8
Other	12.0	2.2

Note: Totals may not add up owing to rounding.

[1]Other includes households headed by a person age 65 or older that contains three or more persons, or two persons who are not married.

As we might expect, middle-income elderly single women are particularly vulnerable to these conditions of economic insecurity. In panel D of Table 7 we see that almost one million (960,000) elderly women age 75 or older, 36.0 percent of all units of this type, and 75.6 percent of those with welfare ratios between 1.0 and 2.0, fit our definition of 'tweeners. Two-thirds (66.9 percent) of single women age 65-74 can also be classified as 'tweeners (panel C, Table 7). In total, 1.79 million elderly women living alone are 'tweeners. They make up over half of all 'tweeners (Table 8), 31.2 percent of all elderly women, and 11.1 percent of all aged households.

Elderly couples are about as vulnerable to the 'tweeners phenomenon as the elderly population at large with 58.6 percent of middle-income couples fitting our definition (Table 7). Elderly 'tweener couples make up 30.4 percent of all 'tweeners. Middle-income elderly men are less likely to be 'tweeners than are any other group, with less than half of them (49.2 percent) subject to two or more conditions of economic insecurity. However, we still find that roughly one in five elderly men living alone is a 'tweener (Table 8).

Of course, the underlying phenomenon which the 'tweeners forcefully bring out is the inequality and nonuniversality of the distribution of nonmoney income. Because of various notches, glitches, and inconsistencies in means-tested and nonmeans-tested transfer programs, and because money income fails to account for the impact of implicit rent, employer health benefits, and living rent free, accounting for these items moves various households up and down in the well-being distribution depending on whether or not they receive various sources of

nonmoney income. Based on our data, of the 16.192 million elderly households in the United States during 1979, only .148 million received no income in-kind whatsoever. Another 1.282 million received only Medicare benefits. The counting of nonmoney income did little to improve the relative economic status of these groups among the elderly. Others received an average of over $2200 per unit in various types of nonmoney income, especially housing benefits and medical subsidies other than Medicare, all of which add to their incomes and their economic security. Essentially the 'tweeners are those who receive little or none of these non-Medicare forms of income in-kind. On a full cash-and-noncash-income basis they are generally not as well off as those who have lower cash incomes, but two or more sources of nonmoney income in addition to Medicare.

VI. Summary and Policy Implications

The high average absolute (and relative to the younger population) level of economic well-being among the elderly in the United States is now a reasonably well-established fact (Danziger et al., 1984, Smeeding, 1984). Relatively few elderly fall below the official U.S. poverty line either using money income alone (U.S. Bureau of the Census, 1983) or including in-kind transfer income as well (U.S. Bureau of the Census, 1984; Smeeding, 1977, 1982a, 1982c). Further, the elderly are no more nor less vulnerable to inflation than are any other groups in the population--i.e., they do not by and large live on "fixed incomes" (Hurd and Shoven, 1982, 1984; Clark et al., 1982). Finally, there is evidence that the elderly do not decumulate their substantial assets as they age (Menchik and David, 1983) and that among all population age groups, the

elderly experienced the largest increase in real income between 1979 and 1983 (Palmer and Sawhill, 1984).

However, while these data indicate an increasingly better-off average level of well-being among the aged, they do not generally take adequate account of the variance in well-being around that average. In a recent paper, appropriately titled "Beware of the Mean," Joseph Quinn (1983) has shown that "average" measures of well-being may be of little help in income transfer policy design for the elderly because, despite their relatively high mean economic status, the distribution of that well-being is highly diverse.

To quote Quinn (1983, p. 2):

> Never begin a sentence with "The elderly are..." or "The elderly do...." No matter what dimension of the aged you are discussing, some are, and some are not; some do and some do not. The central characteristic to be remembered is the diversity of the aged. The least interesting summary statistic about the elderly is their average, because it ignores the tremendous dispersion around it. Beware of the mean.

The primary purpose of this paper is to further explore this diversity of economic status among the elderly, particularly as it is affected by the adequacy and distribution of nonmoney income. The results point to a significant group of middle-income elderly whom we call the 'tweeners. More than 60 percent of the middle-income elderly, living with cash incomes between the poverty line and twice the poverty line, are subject to two or more conditions of economic insecurity related to poor health insurance protection, high housing costs, or reliance on OASI as the primary income source. Not insignificant portions of the poor (54.1 percent) and the well-to-do (22.5 percent) suffered from two of

these three conditions, though we are less concerned with either of them because of the availability of means-tested benefits for most of the poor (those meeting the financial assets test) and the economic wherewithal to sustain these conditions without creating economic insecurity for the truly well-to-do. In particular, elderly single women living alone are likely to be classified as 'tweeners, with over 30 percent of them fitting our definition.

The simultaneous high average total incomes and the 'tweeners are not contradictory and can be easily explained. In general tax and transfer policy benefits the elderly much more than any other group. While virtually all elderly benefit from OASI and Medicare, the poor also receive substantial means-tested cash and in-kind transfers while the well-to-do receive enough additional subsidies and tax-free income to leave them better off after government intervention than before it. Among the middle-income elderly, the 'tweeners basically get OASI and Medicare. Other than these benefits, the nonmoney income system has largely passed the 'tweeners by. They are more likely to rent unsubsidized private dwellings, less likely to have non-Medicare health care subsidies, and are more likely to rely on OASI as the primary source of their incomes than are any other group. While the 'tweeners by definition have more money income than the poor, they also face a significantly greater degree of economic uncertainty and economic insecurity due to low noncash income. In this sense the 'tweeners may paradoxically improve their overall well-being by spending themselves down to penury and thus qualifying for the means-tested

cash and in-kind transfer system that offers the economic security that they currently do not have.

The policy implications of these facts are many and often complex, possibly requiring a separate paper or several separate papers. However, the major policy caveats can be summarized as follows:

1. Further increases in Medicare cost sharing will hurt the 'tweeners most particularly. They are already bearing large out-of-pocket costs. Those with Medicaid or VA or employer subsidies are more likely to have the burden of added Medicare cost sharing shifted to this other party. On a more positive note, perhaps an income-related Medicare premium (Davis and Rowland, 1984) which was used to fund a universal catastrophic health care plan for the elderly would help reduce economic insecurity, particularly for the 'tweeners. The problem of who pays, how much, and when, for long-term care for the elderly would still remain, however.
2. OASDHI cost-cutting measures that reduce benefits across the board are more likely to hurt the 'tweeners than any other group. Increasing the share of OASI subject to the income tax, or lowering the income floor at which these benefits are taxable (or both) and/or increasing federal excise taxes on cigarettes and liquor (Long and Smeeding, 1984), earmarking the revenues for the OASDHI trust fund is a preferable way to increase OASDHI solvency. It does not penalize the 'tweeners but rather those elderly (and nonelderly) who are on more stable economic ground. Also it helps counter the fact that even the richest 10 percent of the elderly receive more in transfers than they pay in direct taxes.

3. Income tax advantages for the high-income elderly should be reduced or completely abolished. In particular, there is no reason for an extra exemption for persons age 65 and over. This would also help to right the inequity in the net tax-transfer position of the high-income elderly.
4. The major asset for 75 percent of the elderly is homeownership. In order to be fair to nonsubsidized elderly nonhomeowners, means-tested programs such as SSI and Medicaid ought to make some allowance for costs of housing, perhaps by means of an excess-shelter-cost allowance for renters who pay market price, as is the case with Food Stamps. Additional constructive suggestions for ways to "liquidate" the home equity of the elderly, e.g., an asset lein on estates payable at time of death of the surviving spouse as partial payment for long-term nursing home care, might help improve equity among the elderly while also helping to finance their health care needs.
5. Asset limits for major means-tested programs should be revised and reconsidered. Among the income-poor elderly, those suffering from inadequate medical protection and/or lack of cash and in-kind income are most likely asset-ineligible for Medicaid, SSI, and/or Food Stamps. Health care protection and "income security" via these programs can only be reached by completely depleting one's own sources of security (i.e., financial assets). More thought and initiative is necessary to solve this problem.

More substantive policy changes (e.g., moving to a double-decker or two-tier OASDI system, or to a combined Medicare-Medicaid health plan for

the elderly financed by income related premiums) are also suggested by our conclusions. However, further exploration of these issues is the topic of another paper.

Notes

[1]A major source of nonmoney income is defined here as one which had a market value of $500 million or more to households headed by or containing persons age 65 or older in 1979.

[2]The "market value" of benefits here is measured as their cost to the government if a transfer, or their dollar cost if market determined. While government cost and market value may sometimes differ (see Smeeding 1982b) they are treated as interchangeable terms in this paper. The market values in Table 1 do not agree wih those discussed above owing to population differences, conceptual differences, and underreporting of receipt of medical transfers.

[3]Defined here as households headed by persons age 65 or older.

[4]We use Census (money) income here, because cash incomes are the primary criterion for qualifying for means-tested programs. To use an income measure that already included the sources of income security which we chose to evaluate (e.g., measures that include income in-kind) would confuse the hypothesis that we are attempting to support.

[5]Dividing reported CPS interest and dividend income by .07 and applying liquid assets tests of $1500 to single individuals and $3000 to other elderly households, we find that about 19 percent of the cash-income poor elderly are income-eligible but asset-ineligible for means-tested benefits. However, based on research by Radner (1983), we know that this is a lower-bound estimate of asset-ineligibility among the elderly due to nonreporting of these sources of property income on the CPS.

[6]In fact, many-high income elderly are well enough off to self-insure against non-Medicare-covered health needs. (Farley and Wilensky, 1984).

[7]Some elderly without fully amortized mortgages, about 25 percent of all elderly homeowners, may face nonzero direct housing costs.

[8]Families with incomes below $7400 paid 15.2 percent of their cash incomes for utility bills (home energy costs) in 1981 (Congressional Budget Office, 1981). The Congressional Budget Office also suggests that the shelter allowance for Food Stamps, and/or living in public housing indirectly protects some low-income units against high energy prices.

[9]This is true unless, of course, cost-of-living increases for SSI are also delayed or reduced. However, Congress has been insistent in protecting SSI recipients against budget exigencies. The 1983 Amendments to the Social Security Act even went so far as to give SSI beneficiaries a larger benefit increase than they would have been entitled to under the existing cost-of-living adjustment procedure while at the same time OASI increases were reduced by delaying them for six months (Smeeding, 1984).

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