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Poverty Among Seniors: An Updated Analysis of National and State Level Poverty Rates Under the Official and Supplemental Poverty Measures

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Introduction

Payments from Social Security and Supplemental Security Income have played a critical role in enhancing economic security and reducing poverty rates among people ages 65 and older.^{1,2} Yet many older adults live on limited incomes, and have modest savings.³ In 2013, half of all people on Medicare had incomes less than \$23,500, which is equivalent to 200 percent of poverty in 2015.⁴ In recent policy discussions, some have proposed policies to strengthen financial protections under Medicare for lower-income seniors, while others would impose greater costs on beneficiaries along with other changes to scale back spending on Medicare, Social Security and other programs. This brief presents data on poverty rates among seniors, as context for understanding the implications of potential changes to federal and state programs that help to bolster financial security among older adults.⁵

This analysis presents national and state-level poverty rates among people ages 65 and older, based on two measures from the U.S. Census Bureau, using data from the 2014 Current Population Survey (CPS) and pooled 2012-2014 CPS for state-level data: the official poverty measure and the Supplemental Poverty Measure (SPM). The SPM differs from the official poverty measure in a number of ways to reflect available financial resources, including liabilities (such as taxes), the value of in-kind benefits (such as food stamps), out-of-pocket medical spending (which is generally higher among older adults), geographic variations in housing expenses, and other factors. According to the Census Bureau, about one in seven people ages 65 and older (15%) have incomes below the SPM poverty thresholds, compared to one in ten (10%) under the official measure.

Key findings from this analysis:

- Close to half (45%) of adults ages 65 and older had incomes below twice the poverty thresholds under the SPM in 2013, compared to 33% of older adults under the official measure.
- The poverty rate was higher among women ages 65 and older than men in this age group in 2013 under both the official measure (12% versus 7%) and the SPM (17% versus 12%). Among people ages 80 and older, 23 percent of women lived below the SPM poverty thresholds in 2013, compared to 14 percent of men.
- The official poverty rate in 2013 was nearly three times larger among Hispanic adults than among white adults ages 65 and older (20% versus 7%) and two and a half times larger among black adults ages 65 and older (18%). Rates of poverty for all three groups were higher under the SPM, with 28 percent of Hispanic adults, 22 percent of black adults, and 12 percent of white adults ages 65 and older living below the SPM poverty thresholds in 2013.
- The share of seniors living in poverty is larger in every state under the SPM than under the official measure, and at least twice as large in 9 states: California (21% versus 10%), Connecticut (14% versus 7%), Hawaii (17% versus 8%), Indiana (13% versus 6%), Massachusetts (16% versus 8%), Maryland (16% versus 8%), Nevada (18% versus 9%), New Hampshire (14% versus 6%), and New Jersey (15% versus 7%).

Background

The Census Bureau's official poverty measure, which was created in the early 1960s, is used to provide official statistics of the share of Americans living in poverty. Under the official measure, the poverty thresholds are set at three times the subsistence food budget from 1963, adjusted annually for inflation, and vary based on the size of a family and the age of its members, but not by geography or homeownership status. Among one- and two-person families, thresholds are lower for families with members age 65 or older. For example, in 2013, the poverty threshold was \$12,119 for an individual under age 65, and \$11,173 for an individual age 65 or older.⁶ When calculating the share of people living in poverty under the official measure, the Census Bureau compares monetary income (such as income from a job and Social Security benefits) prior to taxes to the official poverty thresholds.⁷

In recent years, some have expressed concern that the official poverty measure is outdated and does not accurately reflect people's financial resources or liabilities. In response, the Census Bureau developed an alternative measure, known as the Supplemental Poverty Measure (SPM). The SPM is based on recommendations of a 1995 National Academy of Sciences Panel and differs from the official measure in several ways (see **Table 1**), thereby producing different estimates of poverty:

- **Measuring poverty thresholds.** The SPM bases poverty thresholds on patterns of expenditures on basic necessities that are more recent than 1963, and adjusts thresholds to reflect homeownership status and regional differences in housing prices. For example, under the SPM, the poverty threshold in 2013 was about \$9,600 for a single homeowner without a mortgage living in Charlotte, North Carolina (about \$1,600 less than the official poverty threshold for an individual age 65 or older), and about \$16,500 for a single adult with a mortgage in San Jose, California (about \$5,300 higher than the official poverty threshold for an older adult). Unlike the poverty thresholds under the official measure, the SPM thresholds do not vary by age (i.e., thresholds are the same for people under age 65 as for those ages 65 and older).⁸
- **Measuring resources.** In addition to monetary income, the SPM incorporates certain information about a household's financial resources and liabilities. The SPM adds to monetary income the monetary value of tax credits and in-kind government benefits (such as food stamps) received. Job-related expenses, taxes paid, and out-of-pocket expenses on health care are deducted from monetary income.⁹ The deduction of out-of-pocket medical expenses from income is especially important for people ages 65 and older, who spend a larger share of their household budgets on health care costs than younger households do (14% for Medicare households versus 5% for non-Medicare households in 2012).¹⁰

According to the Census Bureau, the 2013 poverty rate among older adults (people ages 65 and older) was higher under the SPM (15%) than under the official measure (10%), in large part due to the fact that the SPM deducts out-of-pocket medical expenses from income when estimating the share of people living in poverty.¹¹

The following examples illustrate how the different approaches reflected under the official poverty measure and the SPM produce different rates of poverty:

- John, age 70, lives alone and owns a home with a mortgage in Louisville, Kentucky. In 2013, John's sole source of income was \$17,500 in Social Security benefits and he incurred \$8,000 in out-of-pocket medical

expenses that year. **Under the official measure of poverty**, John is not counted as living in poverty because his \$17,500 income in 2013 was higher than the nationwide official poverty threshold of about \$11,200 for an elderly individual who lives alone. **Under the SPM**, however, John IS counted as being in poverty, because his high medical expenses are deducted from his income, leaving resources of \$9,500. This amount is less than the SPM poverty threshold for a homeowner with a mortgage living alone in Louisville (about \$10,700).

- Doris, age 85, is a widower and rents an apartment in Miami, Florida. In 2013, her sole source of income was \$12,000 in Social Security benefits, and she spent \$500 on out-of-pocket medical expenses. **Under the official measure**, Doris is not counted as living in poverty because her \$12,000 income is higher than the \$11,200 official poverty threshold for an elderly person living alone. **Under the SPM**, Doris IS counted as being in poverty because she lives in an area with a high cost of living. Doris's resources under the SPM are \$11,500 (deducting her medical expenses from her income), which is less than the SPM poverty threshold for single renters living in Miami (about \$13,400).

Table 1: Differences between the Official and Supplemental Poverty Measures

		Official Poverty Measure	Supplemental Poverty Measure
BASIS FOR POVERTY CALCULATION	3 times subsistence food budget, 1963	✓	
	Mean 30th-36th percentile of FCSU expenditures		✓
THRESHOLDS	Size of family	✓	✓
	Ages of family members	✓	
	Non-related cohabiters		✓
RESOURCES	Cash income before taxes	✓	✓
	Public assistance (cash)	✓	✓
	In-kind government benefits (non-cash)		✓
	Tax credits		✓
	Social Security income	✓	✓
	Out-of-pocket medical expenses		✓
	Work expenses		✓
	Child support	✓	✓
ADDITIONAL FACTORS	Basic necessities (FCSU)		✓
	Geography/cost of housing		✓
	Homeownership		✓
UPDATES	Annually for inflation using CPI-U	✓	
	5 year average of real change in FCSU expenditures		✓

NOTE: FCSU is food, clothing, shelter, and utilities, plus an allowance for basic personal and household needs.

SOURCE: Kaiser Family Foundation analysis based on http://www.census.gov/hhes/www/poverty/SPM_TWGObservations.pdf and <http://www.census.gov/hhes/www/poverty/about/overview/measure.html>.

Proponents of the Supplemental Poverty Measure argue that it is an improvement upon the official measure because it provides a more up-to-date measure of the income needed to meet basic needs than the 1963 inflation-adjusted subsistence food budget; adjusts those standards to reflect regional variations in the cost of living; and more accurately conveys the income available to meet those needs by taking into account tax liabilities and credits, in-kind government benefits, and out-of-pocket medical and other expenses.^{12,13} One criticism of the SPM, however, is that it does not distinguish between necessary and discretionary out-of-pocket medical expenses, and therefore may overstate the extent to which medical expenses crowd out spending on basic needs.^{14,15} Broader criticism of both the official poverty measure and the SPM is that neither

measure takes into account the value of families' assets,¹⁶ nor do they take into account the risk of facing unaffordable medical expenses in the future or the extent to which individuals are insured against those risks.¹⁷

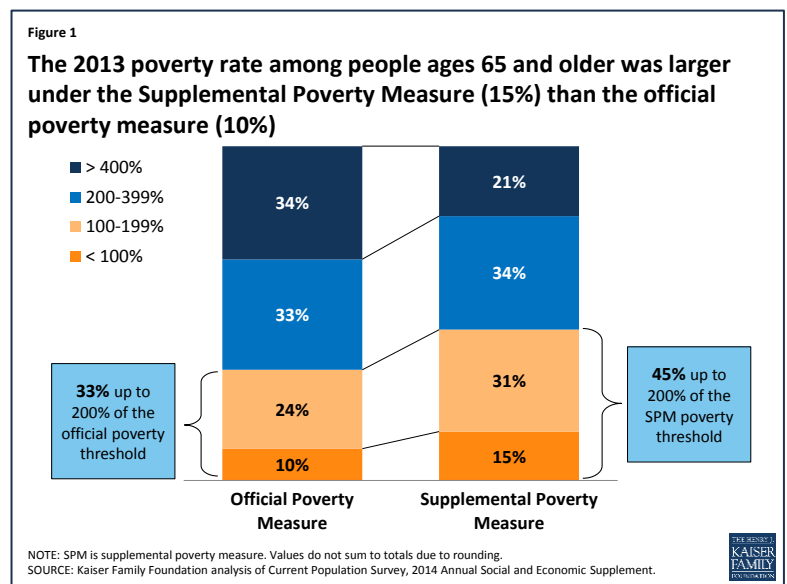
The poverty rates presented in this brief apply to non-institutionalized adults ages 65 and older, rather than the total Medicare population, which includes both adults ages 65 and older and younger adults with permanent disabilities and both facility residents and people living in the community. Rates of poverty among the total Medicare population would be larger than the estimates presented in this paper because income levels are lower among both nonelderly beneficiaries with disabilities and beneficiaries living in long-term care facilities.¹⁸

Findings

NATIONAL ESTIMATES OF POVERTY AMONG PEOPLE AGES 65 AND OLDER

The poverty rate among people ages 65 and older is higher under the SPM than the official measure at the national level, both overall and among certain subgroups. The difference in poverty rates among older adults between the two measures is largely due to the fact that the SPM deducts out-of-pocket medical expenses from income, while the official measure does not.¹⁹

- About one in seven people ages 65 and older (15%) had incomes below the SPM poverty thresholds in 2013, compared to one in ten (10%) based on the official measure (**Figure 1**). The difference between the two poverty measures is smaller among nonelderly adults, and the rate of poverty among children is actually lower under the SPM than under the official measure (16% versus 20%).²⁰
- Close to half (45%) of adults ages 65 and older fell below 200 percent of the poverty thresholds under the SPM in 2013, compared to one-third (33%) under the official poverty measure thresholds.



POVERTY AMONG PEOPLE AGES 65 AND OLDER, BY SELECTED CHARACTERISTICS

Under both the official measure and the SPM, poverty rates among people ages 65 and older rise with age, are higher for women than men, higher for Hispanics and blacks than for whites, and higher among people in relatively poor health than those in better health. In all cases, poverty rates are higher for demographic subgroups under the SPM than under the official measure (**Appendix Table 1**).

- **Age:** Poverty rates among people ages 65 and older increase with age, whether based on the official measure or the SPM (**Figure 2**).

- Under the SPM, the poverty rate was higher in 2013 for people ages 80 and older (19%) than among those ages 65 to 69 (12%); the difference between these age groups was even larger for the share living below 200 percent of poverty (57% versus 36%).
- The patterns by age are similar under the official measure, but the poverty rates are lower for each age group.

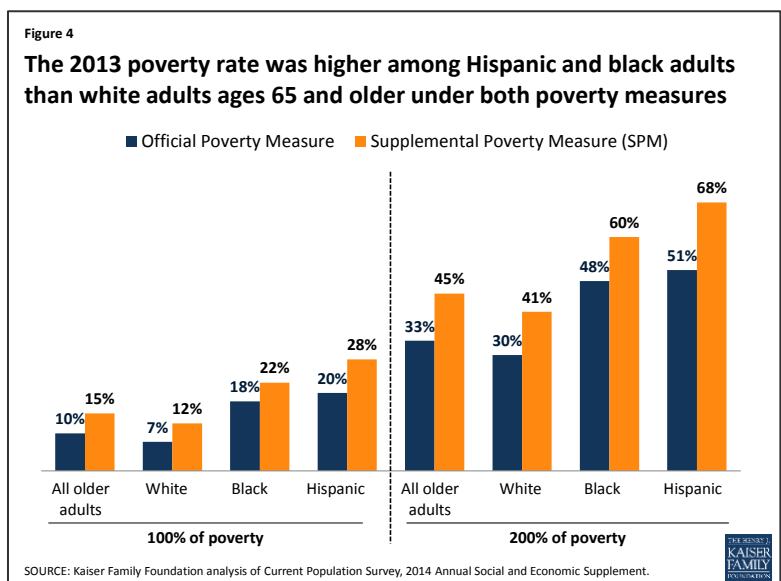
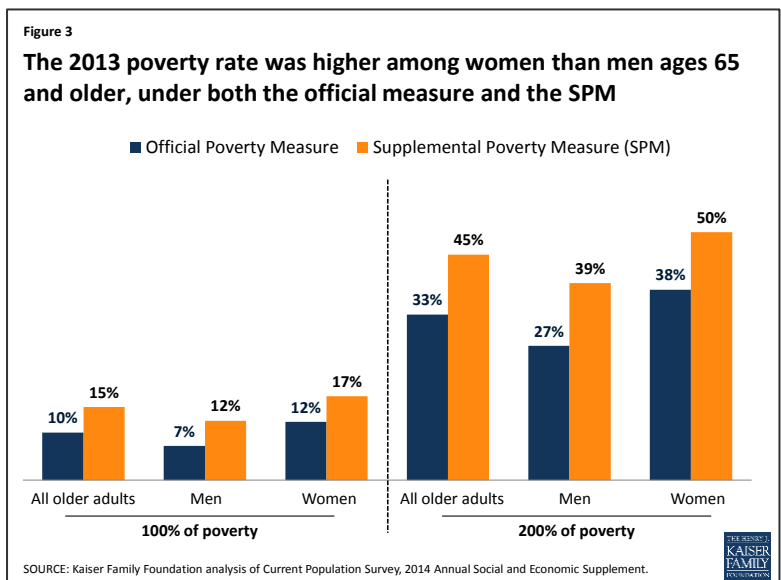
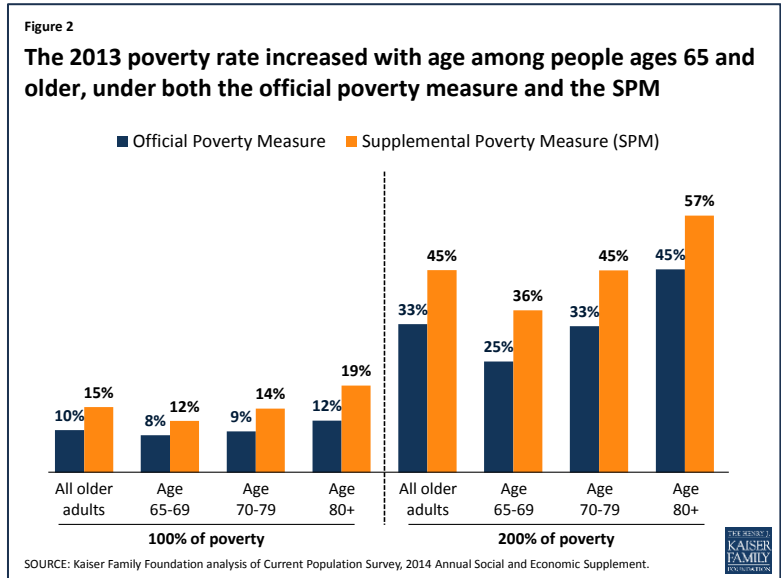
- **Gender:** A larger share of women than men ages 65 and older live in poverty under both poverty measures (**Figure 3**).

- Under the SPM, 17 percent of women ages 65 and older lived in poverty in 2013, compared to 12 percent of older men, and exactly half of all women ages 65 and older lived below 200 percent of the SPM poverty thresholds, compared to 39 percent of older men.
- Under the official measure, poverty rates are also higher among women than men, but lower than under the SPM.

- The gender difference in poverty rates among older adults increases with age and is especially pronounced among people ages 80 and older: nearly one quarter (23%) of women ages 80 and older lived in poverty under the SPM in 2013, compared to 14 percent of men in this age group (these rates are 15% versus 6%, respectively, under the official measure). (**Appendix Table 1**).

- **Race/ethnicity:** Black and Hispanic older adults have much higher rates of poverty than white older adults under both the official measure and the SPM (**Figure 4**).

- Under the SPM, 28 percent of Hispanic adults and 22 percent of black adults ages 65 and older lived in poverty in 2013, in contrast to the much lower rate among white adults ages 65 and older



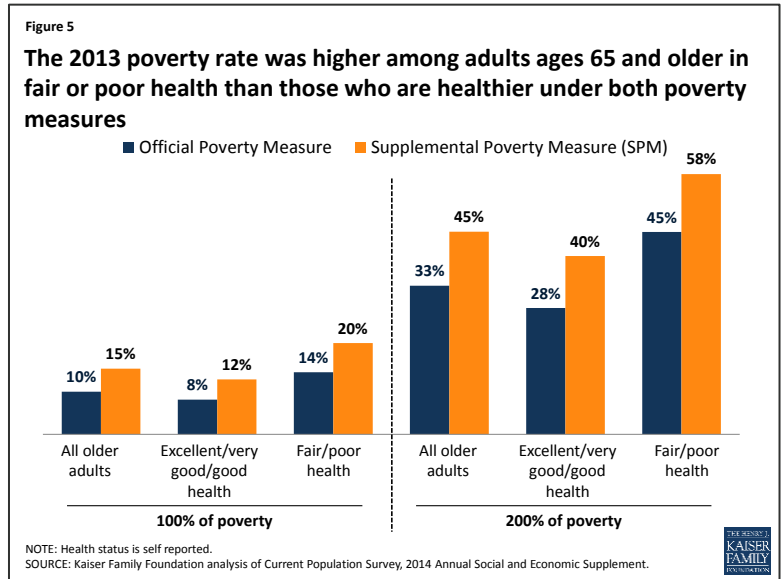
(12%). At least 60 percent of black and Hispanic seniors live below 200 percent of poverty under the SPM (60% and 68% respectively), compared to 41 percent of whites.

- Under the official measure, the poverty rate is nearly three times larger among Hispanic adults ages 65 and older and two and a half times larger among black adults ages 65 and older than among white adults in this age group (20%, 18%, and 7%, respectively).

- **Health status:** Among adults ages 65 and older, poverty rates are higher among those in relatively poor health, based on both the official measure and the SPM (**Figure 5**).

- Under the SPM, one in five (20%) older adults who rated their health as fair or poor lived in poverty in 2013, compared to one in eight (12%) older adults who rated their health as excellent, very good, or good. More than half (58%) of seniors who rated their health as fair or poor fell below 200 percent of the SPM thresholds, compared to less than half (40%) of seniors who rate their health as excellent, very good, or good.

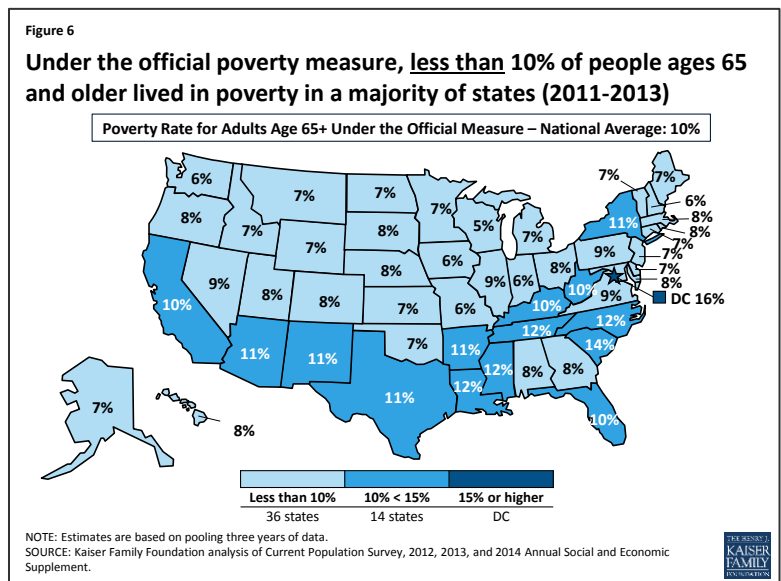
- Under the official measure, the rate of poverty is 14 percent among older adults in relatively poor health, compared to 8 percent among those in better health.



POVERTY AMONG PEOPLE AGES 65 AND OLDER, BY STATE

The rate of poverty among people ages 65 and older was higher in every state under the SPM than under the official measure, and was especially high in some states, based on pooled 2011-2013 state-level data (**Appendix Table 2**).²¹ The difference in poverty rates under the official measure compared to the SPM may vary geographically for several reasons, including state income distributions; differences in housing prices, which are factored into the SPM poverty thresholds; variations in medical use and costs, since such costs are deducted from income under the SPM but not the official measure; and differences in the generosity of state Medicaid programs, which affects medical expenses.

- Under the official poverty measure, the share of people ages 65 and older living in poverty was less than 10 percent in a majority of states (36 states) (**Figure 6**). In contrast, under the SPM, at least 10 percent of people ages 65 and

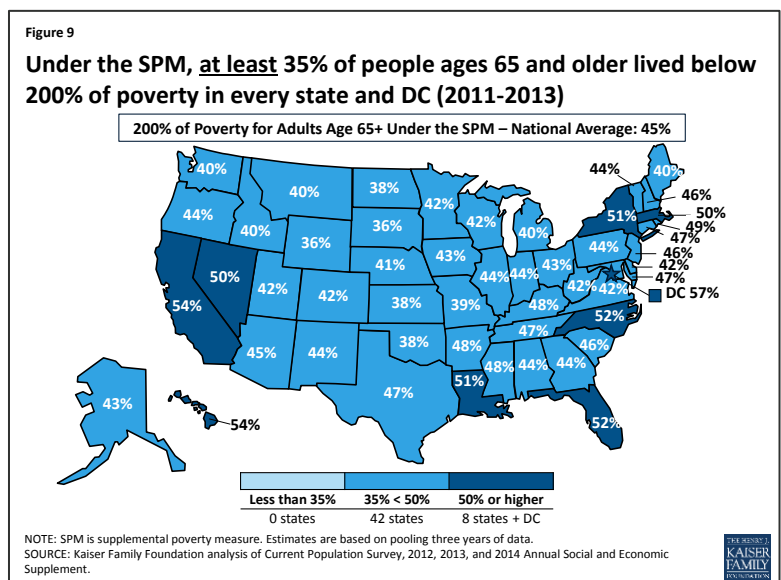
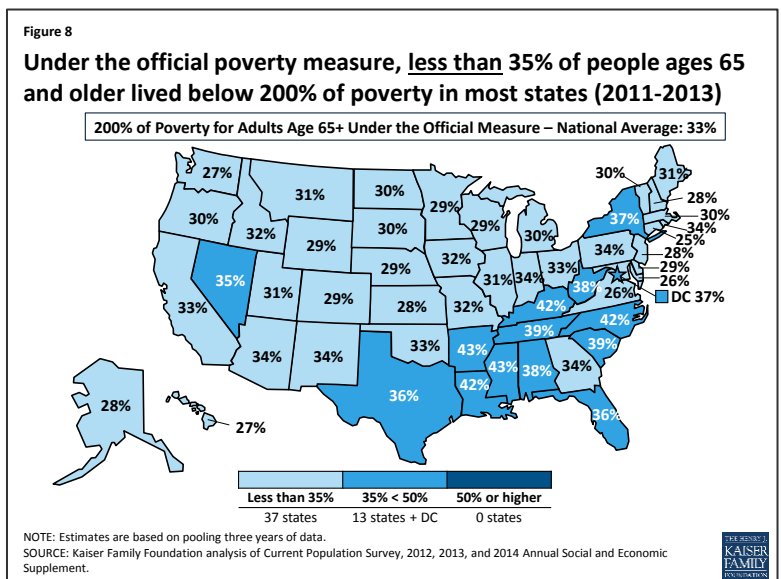
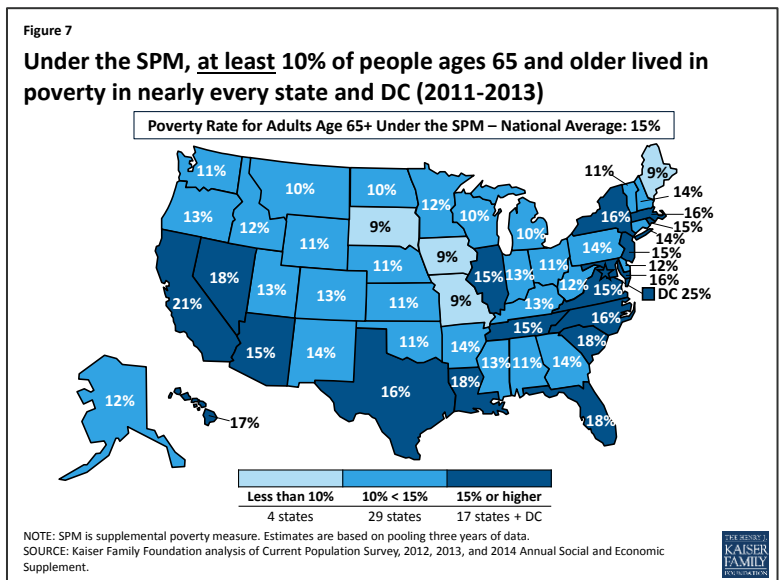


older lived in poverty in nearly every state and the District of Columbia (all but 4 states: Iowa, Maine, Missouri, and South Dakota) (**Figure 7**). Similarly, the official poverty rate for people ages 65 and older was above 15 percent only in DC, but under the SPM, at least 15 percent of older adults lived in poverty in one-third of states (17) and DC.

- In DC, one in four seniors (25%) lived in poverty under the SPM, compared to 16 percent under the official measure. About one in five seniors lived in poverty under the SPM in another five states: California (21%), Florida, Louisiana, Nevada, and South Carolina (18% each).²²
- In 9 states, poverty rates among seniors were at least twice as large under the SPM than under the official measure: California (21% versus 10%), Connecticut (14% versus 7%), Hawaii (17% versus 8%), Indiana (13% versus 6%), Massachusetts (16% versus 8%), Maryland (16% versus 8%), Nevada (18% versus 9%), New Hampshire (14% versus 6%), and New Jersey (15% versus 7%).

The share of older adults below 200 percent of poverty was substantially higher in some states under the SPM than under the official measure.

- Under the official poverty measure, less than 35 percent of people ages 65 and older lived below 200 percent of poverty in most (37) states (**Figure 8**). In contrast, at least 35 percent of people ages 65 and older were below 200 percent of the SPM poverty thresholds in every state and DC (**Figure 9**).
- In 8 states and DC, the share of seniors living below 200 percent of poverty exceeded 50 percent under the SPM, but under the official measure, these shares were all below 50 percent: California (54% versus 33%), DC (57% versus 37%), Florida (52% versus 36%), Hawaii (54% versus 27%),



(54% versus 27%), Louisiana (51% versus 42%), Massachusetts (50% versus 30%), Nevada (50% versus 35%), New York (51% versus 37%), and North Carolina (52% versus 42%). In fact, under the official measure, no states had more than 50 percent of seniors living below 200 percent of poverty.

- In 5 states and DC, the share of people ages 65 and older below 200 percent of poverty was at least 20 percentage points higher under the SPM than under the official measure: California (54% versus 33%), Connecticut (47% versus 25%), Hawaii (54% versus 27%), Maryland (47% versus 26%), Massachusetts (50% versus 30%), and DC (57% versus 37%).

Discussion

Under the Census Bureau's Supplemental Poverty Measure, the poverty rate among people ages 65 and older in 2013 was 5 percentage points higher than under the official measure (15% versus 10%), and was particularly high among certain subgroups of older adults and in some states. Under both measures, the poverty rate among adults ages 65 and older was higher among women than men, higher for black and Hispanic adults than among whites, and higher among people in relatively poor health. At the state level, the share of seniors living in poverty was larger in every state under the SPM than under the official measure, and at least twice as large in some states. In light of the differences between the official measure of poverty and the SPM, there is ongoing interest in assessing these methods for measuring poverty and the implications of each measure for public policy.

Our analysis provides context for evaluating the implications of proposals that would affect the financial resources of people ages 65 and older, such as increasing Medicare beneficiaries' contributions toward their medical care or reducing the cost of living adjustment to Social Security benefits. Higher premiums and cost-sharing requirements under Medicare could lead to higher a poverty rate among people ages 65 and older as measured by the SPM, though the official poverty rate would be unaffected by these changes. This is because the SPM deducts out-of-pocket medical expenses from income. Although Medicaid covers Medicare cost-sharing requirements for some low-income people on Medicare, many low-income beneficiaries do not receive Medicaid coverage. Proposed reductions in Social Security benefits, such as imposing a slower rate of growth on benefits by using the chained Consumer Price Index in the cost-of-living update,²³ could also lead to higher poverty rates among adults ages 65 and older under both the official measure and the SPM over time. Yet regardless of how such changes would affect poverty rates among older adults, current estimates of poverty based on the SPM suggest that a greater share of older adults is already struggling financially than is conveyed by the official poverty measure.

The authors gratefully acknowledge assistance with data and methods from Dr. Trudi Renwick, Chief of the Poverty Statistics Branch, Division of Housing and Household Economic Statistics, U.S. Census Bureau; and Zachary Levinson for his work on the May 2013 version of this brief.

Appendix: Methodology

This analysis uses the 2012-2014 Current Population Survey March Annual Social and Economic Supplement (CPS ASEC) for the estimates of poverty under the official measure, and the recently-released Supplemental Poverty Measures (SPM) Public Use Research Files, which are derived from the CPS ASEC, for poverty estimates under the Supplemental Poverty Measure.²⁴ The 2014 CPS ASEC was used for national and subgroup estimates. Data were pooled across three years for the calculation of estimates at the state level. Standard errors were calculated using the replicate weights and a Fay's adjustment. All reported statistics have a cell size of at least one hundred observations and a relative standard error below 30 percent.

The poverty rates described in this brief may differ from estimates reported elsewhere for a variety of reasons. One reason is because this analysis only includes individuals ages 65 and older. Poverty rates are higher among younger adults with disabilities on Medicare, which means that poverty rates are higher among the total Medicare population. The CPS ASEC also does not include older adults residing in institutions, such as nursing homes and other long-term care facilities, who are more likely to have low incomes than those residing in the community. In addition, this analysis compares the incomes of family units to poverty thresholds, consistent with the approach defined by the official measure and the SPM (although each measure defines families somewhat differently). Relying on a unit of measurement other than family units could produce different poverty rates. For example, health insurance units tend to be smaller than family units, and poverty rates may be much higher when based on the former. Finally, the Census Bureau poverty thresholds analyzed in this brief are different from the Health and Human Services (HHS) "poverty guidelines" (sometimes referred to as the "federal poverty level") that are used to determine income eligibility for certain programs.

Appendix Table 1: Percent of Older Adults With Incomes Below 100% and 200% of Poverty, by Selected Characteristics, 2013

State	Below 100% of the poverty threshold			Below 200% of the poverty threshold		
	Official measure	SPM	Difference*	Official measure	SPM	Difference*
United States	10%	15%	5%	33%	45%	12%
AGE						
65-69	8%	12%	3%	25%	36%	11%
70-79	9%	14%	5%	33%	45%	12%
80+	12%	19%	8%	45%	57%	12%
GENDER						
Men	7%	12%	5%	27%	39%	13%
Women	12%	17%	5%	38%	50%	12%
GENDER*AGE						
Men age 65-69	7%	10%	3%	21%	32%	11%
Men age 70-79	7%	12%	5%	37%	49%	13%
Men age 80+	6%	14%	8%	35%	50%	14%
Women age 65-69	10%	13%	3%	28%	40%	12%
Women age 70-79	11%	16%	5%	27%	40%	12%
Women age 80+	15%	23%	8%	52%	62%	11%
RACE/ETHNICITY						
White	7%	12%	5%	30%	41%	11%
Black	18%	22%	5%	48%	60%	11%
Hispanic	20%	28%	9%	51%	68%	17%
HEALTH STATUS						
Fair/poor	14%	20%	7%	45%	58%	13%
Excellent/very good/good	8%	12%	5%	28%	40%	12%

NOTE: *All differences are statistically significant at the 95 percent confidence level. Differences may not sum to totals due to rounding.
SOURCE: Kaiser Family Foundation analysis of Current Population Survey, 2014 Annual Social and Economic Supplement.

Appendix Table 2: Percent of Older Adults With Incomes Below 100% and 200% of Poverty, by State, 2011–2013

State	Below 100% of the poverty threshold			Below 200% of the poverty threshold		
	Official measure	SPM	Difference	Official measure	SPM	Difference
United States	10%	15%	5%*	33%	45%	12%*
Alabama	8%	11%	3%	38%	44%	7%
Alaska	7%	12%	5%	28%	43%	15%*
Arizona	11%	15%	5%*	34%	45%	10%*
Arkansas	11%	14%	3%	43%	48%	5%
California	10%	21%	11%*	33%	54%	21%*
Colorado	8%	13%	5%*	29%	42%	14%*
Connecticut	7%	14%	7%*	25%	47%	22%*
Delaware	7%	12%	5%*	29%	42%	12%*
DC	16%	25%	9%*	37%	57%	20%*
Florida	10%	18%	7%*	36%	52%	16%*
Georgia	8%	14%	6%*	34%	44%	10%*
Hawaii	8%	17%	9%*	27%	54%	27%*
Idaho	7%	12%	5%*	32%	40%	7%*
Illinois	9%	15%	6%*	31%	44%	13%*
Indiana	6%	13%	7%*	34%	44%	10%*
Iowa	6%	9%	2%*	32%	43%	10%*
Kansas	7%	11%	4%*	28%	38%	10%*
Kentucky	10%	13%	4%	42%	48%	6%
Louisiana	12%	18%	6%*	42%	51%	9%*
Maine	7%	9%	2%	31%	40%	9%*
Maryland	8%	16%	8%*	26%	47%	21%*
Massachusetts	8%	16%	9%*	30%	50%	20%*
Michigan	7%	10%	2%	30%	40%	10%*
Minnesota	7%	12%	5%*	29%	42%	13%*
Mississippi	12%	13%	1%	43%	48%	5%
Missouri	6%	9%	3%	32%	39%	7%*
Montana	7%	10%	3%	31%	40%	8%*
Nebraska	8%	11%	3%*	29%	41%	11%*
Nevada	9%	18%	9%*	35%	50%	15%*
New Hampshire	6%	14%	9%*	28%	46%	18%*
New Jersey	7%	15%	8%*	28%	46%	18%*
New Mexico	11%	14%	3%	34%	44%	11%*
New York	11%	16%	5%*	37%	51%	14%*

Appendix Table 2: Percent of Older Adults With Incomes Below 100% and 200% of Poverty, by State, 2011–2013

State	Below 100% of the poverty threshold			Below 200% of the poverty threshold		
	Official measure	SPM	Difference	Official measure	SPM	Difference
North Carolina	12%	16%	4%*	42%	52%	11%*
North Dakota	7%	10%	2%	30%	38%	8%*
Ohio	8%	11%	3%*	33%	43%	10%*
Oklahoma	7%	11%	3%	33%	38%	6%
Oregon	8%	13%	6%*	30%	44%	13%*
Pennsylvania	9%	14%	6%*	34%	44%	10%*
Rhode Island	8%	15%	7%*	34%	49%	14%*
South Carolina	14%	18%	4%	39%	46%	7%*
South Dakota	8%	9%	1%	30%	36%	7%*
Tennessee	12%	15%	3%	39%	47%	9%*
Texas	11%	16%	5%*	36%	47%	11%*
Utah	8%	13%	6%*	31%	42%	11%*
Vermont	7%	11%	4%*	30%	44%	14%*
Virginia	9%	15%	6%*	26%	42%	16%*
Washington	6%	11%	5%*	27%	40%	13%*
West Virginia	10%	12%	2%	38%	42%	4%
Wisconsin	5%	10%	4%*	29%	42%	13%*
Wyoming	7%	11%	4%*	29%	36%	7%

NOTE: SPM is Supplemental Poverty Measure. *Indicates statistical significance at the 95 percent confidence level. Differences shown may not sum to totals due to rounding.

SOURCE: Kaiser Family Foundation analysis of Current Population Survey, 2012, 2013, and 2014 Annual Social and Economic Supplement.

Endnotes

¹ Paul N. Van de Water, Arloc Sherman, and Kathy A. Ruffing, "Social Security Keeps 22 Million Americans Out of poverty: A State-By-State Analysis," Center on Budget and Policy Priorities. October 2013. <http://www.cbpp.org/sites/default/files/atoms/files/10-25-13ss.pdf>

² Harriet Komisar, Juliette Cubanski, Lindsey Dawson, and Tricia Neuman, "Key Issues in Understanding the Economic and Health Security of Current and Future Generations of Seniors," Kaiser Family Foundation, March 2012, <https://kaiserfamilyfoundation.files.wordpress.com/2013/01/8289.pdf>.

³ Gretchen Jacobson et al., "Income and Assets of Medicare Beneficiaries, 2013–2030," Kaiser Family Foundation, January 2014, <http://kff.org/medicare/issue-brief/income-and-assets-of-medicare-beneficiaries-2013-2030/>.

⁴ Jacobson et al., "Income and Assets of Medicare Beneficiaries, 2013–2030"

⁵ This analysis updates previous work which focused on state-level poverty rates under the official measure and the Supplemental Poverty Measure in 2009–2011 (Zachary Levinson, Anthony Damico, Juliette Cubanski, and Tricia Neuman, "A State-by-State Snapshot of Poverty Among Seniors: Findings From Analysis of the Supplemental Poverty Measure," Kaiser Family Foundation, May 2013).

⁶ U.S. Census Bureau, Poverty Thresholds for 2013 by Size of Family and Number of Related Children Under 18 Years, <https://www.census.gov/hhes/www/poverty/data/threshld/thresh13.xls>.

⁷ Kathleen Short, "The Supplemental Poverty Measure: 2013," The U.S. Census Bureau, October 2014, <https://www.census.gov/content/dam/Census/library/publications/2014/demo/p60-251.pdf>; Kathleen Short, "The Research Supplemental Poverty Measure: 2011," The U.S. Census Bureau, November 2012, <http://www.census.gov/prod/2012pubs/p60-244.pdf>. Kathleen Short, "The Research Supplemental Poverty Measure: 2010," The U.S. Census Bureau, November 2011, http://census.gov/hhes/povmeas/methodology/supplemental/research/Short_ResearchSPM2010.pdf.

⁸ Short, "The Supplemental Poverty Measure: 2013."

⁹ Short, "The Supplemental Poverty Measure: 2013."

¹⁰ Juliette Cubanski et al., "Health Care on a Budget: The Financial Burden of Health Care Spending by Medicare Households," Kaiser Family Foundation, January 2014, <http://kff.org/medicare/issue-brief/health-care-on-a-budget-the-financial-burden-of-health-spending-by-medicare-households/>.

¹¹ Short, "The Supplemental Poverty Measure: 2013."

¹² Rebecca M. Blank and Mark E. Greenberg, "Improving the Measurement of Poverty", *The Brookings Institution*. December 2008, <http://www.brookings.edu/research/papers/2008/12/poverty-measurement-blank>.

¹³ Elise Gould and David Cooper, "Financial Security of Elderly Americans at Risk: Proposed changes to Social Security and Medicare could make a majority of seniors 'economically vulnerable'", *Economic Policy Institute*. June 2013, <http://www.epi.org/publication/economic-security-elderly-americans-risk/>.

¹⁴ John F. Cogan, "Measuring Poverty: A New Approach – Appendix A: Dissent," *National Academy of Sciences*, 1995, http://nap.edu/openbook.php?record_id=4759&page=385 and Bruce D. Meyer and James X. Sullivan., "Identifying the Disadvantaged: Official Poverty, Consumption Poverty, and the New Supplemental Poverty Measure", *Journal of Economic Perspectives* 26, no.3 (2012), <http://aeweb.org/articles.php?doi=10.1257/jep.26.3.111>.

¹⁵ Analysts have also debated how to update the measure over time, although that discussion is less relevant to this brief, which provides a snapshot of poverty. According to the Census Bureau, the official and supplemental poverty rates among the overall population differed by one percentage point or less from 2009 – 2011. Over time, official poverty thresholds will change with inflation, effectively maintaining their real value, while the supplemental thresholds will increase based on the 33rd percentile of expenditures on basic necessities (multiplied by 1.2). Because the latter is based on actual spending patterns, supplemental poverty thresholds may increase over time with improvements in the general standard of living, a feature that is debated among policy analysts (see for example Robert Rector and Rachel Sheffield, "Obama's New Poverty Measure 'Spreads the Wealth'," *National Review*, November, 9, 2011, <http://heritage.org/research/commentary/2011/11/obamas-new-poverty-measure-spreads-the-wealth> and Blank and Greenberg, "Improving the Measurement of Poverty").

¹⁶ Meyer and Sullivan, "Identifying the Disadvantaged: Official Poverty, Consumption Poverty, and the New Supplemental Poverty Measure."

¹⁷ The authors of the NAS report recommended developing a separate measure for such "medical care risk." Robert T. Michael et al., "Measuring Poverty: A New Approach", *National Academy of Sciences*, 1995, <http://nap.edu/openbook.php?isbn=0309051282>.

¹⁸ Poverty rates in 2013 are higher among nonelderly Medicare beneficiaries with disabilities than among people ages 65 and older under both the official measure (26% compared to 10%) and the SPM (23% compared to 15%) (estimates from Kaiser Family Foundation analysis of the 2014 Current Population Survey). In 2011, 25 percent of Medicare beneficiaries under age 65 had incomes under \$10,000, compared to 9 percent of those ages 65 and older; 31 percent of beneficiaries living in facilities (such as nursing homes) had incomes under \$10,000, compared to 11 percent of those living in the community (estimates from Kaiser Family Foundation analysis of the Medicare Current Beneficiary Survey 2011 Cost & Use file).

¹⁹ Based on 2011, 2012, and 2013 results from the Census Bureau, the national poverty rate for individuals ages 65 and older would not differ substantially under the supplemental and official measures if the former did not exclude medical expenses (Kathleen Short, "The Research Supplemental Poverty Measure: 2013" and Kathleen Short, "The Research Supplemental Poverty Measure: 2011"). The

Census Bureau also notes that elderly poverty rates under the official and supplemental measures differ partially because the official poverty threshold is lower for families with seniors in some instances, while the supplemental poverty threshold does not differentiate between adults above and below age 65.

²⁰ This is in part because of the inclusion of refundable tax credits and food stamps. At the same time, poverty rates are higher among children than among older adults under both poverty measures. Carmen DeNavas-Walt, Bernadette D. Proctor, and Jessica C. Smith, “Income, Poverty, and Health Insurance Coverage in the United States: 2009,” September 2010, <http://census.gov/prod/2010pubs/p60-238.pdf>; Short, “The Supplemental Poverty Measure: 2013.”

²¹ The difference was statistically significant in DC and all but 16 states: Alabama, Alaska, Arkansas, Kentucky, Maine, Michigan, Mississippi, Missouri, Montana, New Mexico, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, and West Virginia.

²² We did not assess whether the poverty rate among seniors in DC is also high relative to other major metropolitan areas, due to limitations with the Current Population Survey (CPS) city data. CPS also includes data on “core based statistical areas” (CBSAs), which include a county containing at least one urban area of 10,000 people or more and related regions nearby. The CBSA containing DC also includes other areas in Maryland, Virginia, and West Virginia, and has a lower senior poverty rate under the supplemental measure relative to DC alone (17% compared to 25%). Of the 30 largest CBSAs, the CBSA containing DC had the 10th highest supplemental poverty rate among seniors, while the CBSAs containing Los Angeles, Miami, and San Francisco had the highest poverty rates (27%, 25%, and 23% respectively).

²³ Social Security benefits are currently adjusted based on the consumer price index (specifically, the CPI-W) to reflect increases in the cost of living. Some policymakers have suggested updating Social Security benefits based on another version of inflation, known as the “chained” CPI. Because this measure tends to increase less quickly than the CPI-W, Social Security benefits would likely decline over time.

²⁴ Available at: <http://www.census.gov/hhes/povmeas/data/supplemental/public-use.html>.