



# Medicare Rights Center

**Statement for the Record of Robert M. Hayes  
President, Medicare Rights Center**

**Hearing on Medicare Programs for Low-Income Beneficiaries  
Before the United States House of Representatives, Committee on Ways  
and Means Subcommittee on Health  
May 3, 2007**

Thank you for the opportunity to submit testimony on the government's financial assistance programs for people with Medicare who have low incomes. This crucial support was intended to ensure that the neediest older adults and people with disabilities have access to Medicare and receive the help they need paying for prescription drugs and other out-of-pocket medical expenses. The focus of our testimony is on Medicare Savings Programs, which help pay premiums, deductibles and cost sharing under Original Medicare, and the Part D Low Income Subsidy, also known as Extra Help, which lowers copayments, provides coverage through the Part D doughnut hole, and pays plan premiums under Part D.

Because the Medicare Rights Center works to sign up low income people with Medicare for both Part D Extra Help and the Medicare Savings Program, our experience provides a unique picture of the impediments to enrollment that exist in both these programs. We witness first hand how the presence, or absence, of eligibility barriers like an asset test can determine whether our low-income clients obtain access to the medical care and medicines they need.

The Medicare Rights Center is the largest independent source of health care information and assistance in the United States for people with Medicare. For nearly two years, we have been working to sign up as many people up for Extra Help as humanly possible. With funding from the Starr Foundation and Robin Hood Foundation, among others, we have enlisted hundreds of volunteers to reach out to likely candidates for Extra Help, explain the program to them and, whenever possible, enroll people online.

But despite our best efforts along with those of the Social Security Administration and a host of other organizations, between 3.4 million and 4.4 million eligible individuals remain unenrolled. Unfortunately, much of the difficulty lies with the eligibility criteria and the daunting application process for the program. Congress should take immediate steps to remedy this situation. Pinning our hopes only on renewed outreach efforts will not find and enroll this hard-to-reach population.

To qualify for Extra Help, people with Medicare must first have incomes below 150 percent of the federal poverty level, or no more than \$14,700 for an individual or \$19,800 for a couple in 2007. In addition, individuals can have assets worth no more than \$10,210 this year, or \$20,410 for a couple.

**This asset test is the single most important barrier to getting the Extra Help program to those who need it.** According to the Social Security Administration, which reviews applications, about half of Extra Help applicants are rejected because their assets are above the current limit. The Congressional Budget Office estimates that 1.8 million low income older adults and people with disabilities will not qualify for Extra Help solely because of the asset test.

We believe the asset test must be eliminated. It penalizes working class Americans who scrimped and saved for retirement – no easy accomplishment for people with low incomes. Those who manage to diligently accumulate savings they hope will give them some peace of mind should not be disqualified from the assistance they have surely earned.

Fortunately for some of our clients, New York State has removed the asset test for the Qualified Individual program, making this Medicare Savings Program available to all individuals with incomes up to 135 percent of the poverty line. Because Medicare Savings Program recipients are automatically eligible for Extra Help, these individuals receive vital assistance with their prescription drug costs as well as payment of their Part B premiums.

One of our clients is Ms. H., a widow who lives in Manhattan, N.Y., is 74 years old and a typical example of someone whose assets disqualify her for Extra Help. She receives a \$400 monthly Social Security check and works part-time to earn an additional \$500 a month to make ends meet. Because she has \$12,000 in assets—just \$290 over the limit—she is ineligible for Extra Help. But because she lives in New York State, she is eligible for the QI program which serves as a back door to getting her Extra Help.

Another Medicare Rights Center client is Ms. S., a widow who lives in Brooklyn, N.Y. She supplements her monthly Social Security income of \$800 by slowly depleting her savings. When she came to us last year, her assets were \$500 over the limit for Extra Help. But because she lives in New York State and was eligible for QI, she now receives Extra Help and can maintain her savings for an emergency.

The Medicare Rights Center believes Congress should eliminate the asset test for all Medicare Savings Programs and for the Extra Help program. As first step towards that goal, Congress should pass H.R. 1536, introduced by Representative Lloyd Doggett, a member of this committee, that more than doubles the amount of assets people are allowed in order to receive Extra Help – increasing the limit to \$27,500 for an individual and \$55,000 for a couple. We also support initiatives by other members of this committee to expand eligibility for the Medicare Savings Programs.

H.R. 1536, The Prescription Coverage Now Act of 2007, also takes some important steps toward simplifying the Extra Help application and removing eligibility tests that needlessly penalize people with Medicare:

- The cash value of life insurance policies would no longer be counted in the asset test. People often don't know what kind of life insurance policy they have, or what its value is even if they were to cash it in. Many question why a life

- insurance policy is counted as a cash asset when they bought it with the intention of protecting their family in their absence.
- IRAs and 401ks would no longer be counted as assets. Some of our clients over-estimate their assets by counting their retirement account as both income and an asset. Under the law, if they are required to take money out through a periodic distribution, then it is considered income and if not, then it is an asset. You shouldn't have to work for H & R Block in order to figure out the Extra Help application.
  - People with Medicare would no longer be asked to estimate the value of in-kind contributions, such as living rent-free with a relative or receiving groceries from a friend free of charge, and have that help count in their income.

We recently heard from a woman who told us about the experience of his 95-year-old mother-in-law. “She has no burial money, no life insurance, no pension—no money,” she wrote. “The only income she has is her Social Security check of a little less than \$1,000 per month. However, she has four people who donate money to help pay her assistive living room and board. This counts as ‘in-kind support’ and puts her over the income level so she doesn’t qualify for Extra Help.”<sup>1</sup>

Similar steps need to be taken to simplify the application process for Medicare Savings Programs. Asset tests and other bureaucratic hurdles prevent needy individuals from receiving this vital assistance. Excluding the very poor who also receive full Medicaid benefits, only one third of eligible individuals are enrolled in these programs. At the very least, Congress should extend the eligibility criteria outlined in H.R. 1536 to the Medicare Savings Program. This would enable individuals who qualified for Extra Help to automatically receive Medicare Savings Program benefits.

Other lessons learned from the Extra Help program should also be used to improve the Medicare Savings Programs. For example, allowing on-line applications has greatly facilitated enrollment efforts for Extra Help. On-line applications should be allowed for Medicare Savings Programs, providing a means for caregivers and others who work with older adults and people with disabilities to help with outreach and enrollment.

Congress was on the right track when it created the Extra Help and the Medicare Savings Programs. As a result, millions of Americans have been able to receive medical care they would otherwise be unable to afford. But that’s not enough. We have to make sure that Congress keeps that promise – that everyone who really needs help is able to get it.

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<sup>1</sup> Story submitted to the Part D Monitoring Project, Medicare Rights Center, November 2, 2006.