

Medicare and Medicaid: Essential Partners for Older Americans and People with Disabilities

While most people know that Medicare is a program that helps Americans over age 65 and people with disabilities access quality and affordable health care, many people, including Medicare consumers themselves, do not realize that Medicaid programs also provide essential assistance for this population. For example, Medicare does not cover long-term care, so many people with Medicare rely on Medicaid for such services. Also, Medicare alone can be extremely expensive due to high cost-sharing. As an example, consider that median out-of-pocket spending as a share of income for the Medicare population grew from 11.9 percent in 1997 to 16.2 percent in 2006.¹ This means that individuals with incomes of \$20,000 per year, about half of the Medicare population, spend an average of \$3,240 per year on health insurance.²

Fortunately, a range of options exists to help eligible individuals access Medicaid coverage to help pay for costs that Medicare does not cover. Medicaid “spend-down” is one such option, which lets individuals with incomes and assets too high to qualify for Medicaid disregard certain income (such as income spent on hospital bills) to become eligible for full Medicaid. Other Medicaid programs, known as Medicare Savings Programs (MSPs), provide Medicaid-supported assistance to people with limited financial resources who are not eligible for full Medicaid. Without Medicaid, these Medicare consumers would be unable to access care and afford Medicare cost-sharing.

Cuts to the Medicaid program—such as turning Medicaid into a block grant program in the name of deficit reduction—would mean that hundreds of thousands of people with Medicare would face significant increases in out-of-pocket costs. This would potentially prevent access to needed care altogether and impoverish families who would need to spend more to support their parents and grandparents against the backdrop of rising health costs.

Mr. and Mrs. M, both Medicare-eligible, annually enroll in Medicaid with a spend-down. It is only through Medicaid that Mrs. M is able to access and afford the care she needs to treat her multiple chronic conditions, such as hypertension and diabetes, which would be life-threatening without

¹ Kaiser Family Foundation, *Medicare Chartbook, 2010*, November 2010. Available at <http://www.kff.org/medicare/upload/8103.pdf>.
(Following bullets based on “Medicare Chartbook, 2010”)

² Id.

treatment. The Medicaid spend-down program, in addition to providing full Medicaid benefits to Mr. and Mrs. M, also enabled the couple to access Extra Help, a Medicare program that helps qualifying individuals pay for drugs. Medicaid and Extra Help support mean that Mr. and Mrs. M have the assistance they need to pay for medicines and receive needed care.

With a combined monthly income of \$1,050 from a pension and Social Security, and rent of \$800, Mr. F struggles to pay all his expenses. His eligibility for the Specified Low-Income Medicare Beneficiary (SLMB) program, a Medicaid-supported Medicare Savings Program, and Extra Help enables him to afford health coverage through Medicare and purchase medications to treat hypertension that he would otherwise be unable to access.

Mr. P contacted the Medicare Rights Center because he was unable to pay for his premium for Medicare Part B, which covers physician care. Mr. P mentioned that he even considered canceling his Part B coverage because he was not able to afford it, and that paying the premium often caused him to be short on his rent payments or late paying other bills. Mr. P was eligible for the Qualified Medicare Beneficiary (QMB) program, a Medicaid-supported Medicare Savings Program that helps people with Medicare pay for premiums and other out-of-pocket costs, which relieved him from the premium burden and allowed him not only to continue to receive medical coverage, but also to afford housing and other basic living necessities.

Ms. H had gone without diagnostic testing for a previous cancer diagnosis for years because she could not afford the coinsurance when she became Medicare-eligible. As a result of her enrollment in QMB, a Medicaid-supported Medicare Savings Program, Ms. H was able to obtain medical services related to her previous cancer diagnoses, such as CT scans and other screenings. Without QMB, Ms. H would not have been able to afford these cancer tests.

Mr. S is 72 and uninsured. He has fewer than 30 quarters of work history, and would therefore be charged a \$450 premium each month for coverage under Medicare Part A, which covers hospital care. For Medicare Part B coverage, Mr. S would be assessed a seven-year late enrollment penalty, increasing his premiums to \$196.18. Mr. S receives \$800 in assistance each month from family members, and has no other income or savings. He was considering enrolling in Part B for just a few months in order to complete some tests, but he recognized that Part B coverage would not be affordable for him in the long run. By enrolling in Medicaid, Mr. S became dually eligible for Medicare, enabling him to receive needed hospital and physician care.