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Increasing Access to Medicare Savings Programs

Lessons Learned and Policy Recommendations from New York

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About the Medicare Rights Center

Based in New York, the Medicare Rights Center is a national, nonprofit consumer service organization that works to ensure access to affordable health care for older adults and people with disabilities through counseling and advocacy, educational programs, and public policy initiatives. Since 1989, Medicare Rights has helped people with Medicare understand their rights and benefits, navigate the Medicare system, and secure the quality health care they deserve.

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Summary

In 2023, New York State expanded eligibility for the Medicare Savings Programs (MSPs). To support efforts of other states to expand eligibility, Medicare Rights has compiled lessons learned from the campaign to increase MSP access. This includes important guidance for implementing new income disregards and an explanation of how MSP expansion can generate savings for State Pharmaceutical Assistance Programs (SPAPs) via Extra Help enrollment.

Medicare Rights also explores obstacles to MSP enrollment that persist in New York and makes recommendations, such as automatic enrollment and automated renewals, to ensure that as many eligible individuals as possible receive the benefit.

Introduction

The COVID-19 public health emergency (PHE) and the resultant economic fallout has highlighted longstanding barriers affecting Medicare beneficiaries, older adults, and people with disabilities, especially individuals with low incomes and people of color. However, the pandemic has also provided an opportunity to address these challenges with renewed purpose and vigor. It is imperative that New York State act to support older adults and people with disabilities by continuing to invest in state and local programs that meaningfully improve health and economic well-being.

Each year, Medicare Rights answers thousands of questions about the Medicare Savings Programs (MSPs) on its helpline and witnesses the obstacles that people with Medicare encounter when applying. Based on consumer experiences in New York State and lessons learned during the COVID-19 pandemic, Medicare Rights has identified strategies to reduce several obstacles that beneficiaries face when trying to access MSPs. Medicare Rights hopes that policymakers will consider immediate action to improve access to the MSPs in New York.

Background

Last year, New York State passed a landmark budget that expanded income eligibility for Medicare Savings Programs (MSPs), a long-overdue reform that the Medicare Rights Center championed alongside partner organizations, with the goal of increasing health access and economic security. Upon taking effect in January 2023, this expansion immediately made around 300,000 additional New Yorkers eligible for MSPs, programs that help enrollees afford Medicare premiums and other costs, and lead to automatic enrollment in the federal Extra Help drug subsidy. Enrollment in an MSP and Extra Help is estimated to save each enrollee at least \$7,300 annually and enable access to needed care and medicines. The expansion was particularly welcome news for New York's older adults and people with disabilities after years of economic fallout and other challenges related to the COVID-19 pandemic. The number of

New Yorkers living in poverty has [increased by more than 37%](#) over the past decade, and every form of assistance is needed to help these individuals live with dignity.

Lessons learned in New York are applicable to other states, most of which have far less generous MSP eligibility criteria. Lack of MSP access exacerbates longstanding health access inequities facing people of color and others with low incomes. Half of all beneficiaries—nearly 30 million people—live on \$29,650 or less per year, and one in four lives on \$17,000 or less. Low-income beneficiaries, most of whom are people of color, often struggle to afford needed care and prescription drugs. An estimated 40% of those living on incomes below 150% of the federal poverty level (FPL: \$21,870 for a single person in 2023) spend 20% or more of their income on premiums and other health care costs. In 2016, average out-of-pocket health care spending for Original Medicare beneficiaries was \$5,460. While those with very low incomes may be eligible for Medicaid, most states offer very little help for those who are just above the Medicaid limit.

To support the efforts of other states to expand eligibility for MSPs, Medicare Rights has compiled lessons learned from the campaign to increase access to MSPs in New York. At the same time, this paper explores obstacles to MSP enrollment that persist in New York and makes recommendations to ensure that as many eligible individuals as possible receive the benefit.

Medicare Savings Programs

Three [Medicare Savings Programs](#) can help Medicare beneficiaries by paying the Part B premium (\$164.90 per month in 2023): the Qualified Medicare Beneficiary (QMB) program, the Specified Low-Income Medicare Beneficiary (SLIMB) program, and the Qualifying Individual (QI-1) program. MSP enrollees also automatically receive the federally funded Part D Low-Income Subsidy (LIS), or Extra Help program, which helps pay prescription drug costs. On average, Extra Help saves beneficiaries \$5,300 per year. This makes the combined benefit of an MSP and Extra Help approximately \$7,300 per year. The QMB program also pays Medicare cost-sharing for enrollees (e.g., deductibles and coinsurances), producing additional savings.

Unfortunately, the income limits for MSPs are extremely low. To qualify in most states, beneficiaries must have incomes at or below 135% FPL and meet asset limits. And despite the savings available, analyses consistently show that enrollment in MSPs [remains below 60%](#). Faced with a confusing application process, annual redeterminations, and inadequate outreach and promotion, it is no surprise that beneficiaries find it difficult to apply for and maintain MSP enrollment.

MSP Expansion in New York

New York's MSP expansion raised the eligible income limit from 135% to 186% FPL (from \$19,683 to \$27,118 per year for a single person in 2023). Specifically, the QI limit was

increased from 135% to 186% FPL, and QMB was increased from 100% to 138% FPL, matching the state's newly increased Aged, Blind, and Disabled (ABD) Medicaid income limits. Aligning income eligibility for Medicaid and QMB was a priority to guarantee access to both benefits and eliminate arcane and punitive eligibility rules, which often forced enrollees to choose between programs after becoming eligible for Medicare. (New York had previously eliminated the asset test for MSPs but has not yet done so for ABD Medicaid.) The SLIMB program was now encompassed by QI and so was eliminated, further streamlining New York's MSP landscape. Owing to eligibility expansions, an estimated 300,000 New Yorkers are newly eligible for Medicare Savings Programs. Tens of thousands of others are eligible for rebudgeting into QMB.

New York's MSP expansion is a win-win. It generates savings for New York's State Pharmaceutical Assistance Program (SPAP), called EPIC (Elderly Pharmaceutical Insurance Coverage). EPIC reduces Part D drug costs for New Yorkers age 65+. Thanks to MSP expansion, part of the EPIC population that was previously ineligible for Extra Help coverage can now receive increased prescription drug savings via deeming, a kind of automatic enrollment into Extra Help for those enrolled in an MSP. More federally funded Extra Help enrollments also generate EPIC savings. In addition, QI is fully federally funded, and New York is only responsible for 50% of the cost of Part B premiums for QMB enrollees, with the rest covered by federal dollars.

Case example: Client A was given a Part D late enrollment penalty (LEP) when enrolling in Medicare. Before expansion, the client was over-income for Extra Help which eliminates the Part D LEP, and was only receiving prescription drug assistance from EPIC. A Medicare Rights Center staff member called Client A and helped them enroll in an MSP under the new income guidelines. MSP enrollment resulted in Client A no longer having to pay the Part B premium (\$164.90/month), automatic enrollment into Extra Help, which permanently eliminated their monthly LEP, and a reduction in other drug costs.

After significant advocacy by Medicare Rights and others, New York has also increased access to MSPs for those transitioning from pre-Medicare (MAGI) Medicaid to ABD Medicaid and Medicare. Previously, these individuals had to go through a lengthy, imperfect process to be screened for an MSP upon becoming Medicare-eligible. Now, because the QMB MSP limit is the same as for MAGI (and ABD) Medicaid, individuals with MAGI Medicaid who become Medicare-eligible are automatically enrolled into the QMB program. This automation ensures seamless coverage for a particularly vulnerable population. It is estimated that around 30,000 individuals annually will be automatically enrolled, producing a benefit value of \$219 million and ensuring access to needed care.

Case example: Client B was new to Medicare and called the Medicare Rights Center for assistance learning about rules, costs, and coverage. During the call, Client B was screened for a Medicare Savings Program and found eligible under the new income guidelines. After enrolling into an MSP and being automatically enrolled into Extra Help, Client B will save approximately \$7,300 annually in out-of-pocket costs.

MSP Expansion Advocacy

Notably, as it prepared for a major advocacy campaign, Medicare Rights spoke with the Centers for Medicare & Medicaid Services (CMS) and its Medicare-Medicaid Coordination Office (MMCO) to better understand what sort of MSP eligibility expansion was possible. MMCO shared important factors that advocates should consider as they pursue expansion in different states:

- **Income disregards:** A disregard is a portion of an individual's income that is not counted towards the MSP income limit. Several states currently use income disregards under section 1902(r)(2)(a) of the Social Security Act in order to raise the income thresholds for MSPs. States can implement income disregards through a Medicaid state plan amendment.
- **Disregard percentages:** SLIMB and QI disregards are not allowed to be more generous than any disregard for QMB. However, the disregard is not required to be equal for all levels. For example, if the QMB disregard is 50%, SLIMB and QI may have any disregard percentage less than 50%.
- **Federal funding:** States apply for QI funding each year and are able to apply for such funding in the same manner after raising MSP income limits. States also continue to be eligible for federal financial participation (FFP) for SLIMB and QMB, based on their federal medical assistance percentage (FMAP).

The following example shows the income disregard calculations in New York used to determine the expanded limits of 138% for QMB and 186% for QI. The example uses 2023 FPL figures for a household of one. Remember that SLIMB and QI disregards cannot be more generous than the disregard for QMB.

The income disregard to allow people at 138% FPL to qualify for QMB in New York is \$461.70 (a 38% disregard).

100% FPL = \$14,580/year = \$1,215/month
138% FPL = \$20,120.40/year = \$1,676.70/month
Income disregard = \$1,676.70 - \$1,215 = \$461.70
Percentage = \$461.70/\$1215 = 38%

The income disregard to allow people at 186% FPL to qualify for QI in New York is \$619.65 (a 37.8% disregard).

135% FPL = \$19,683/year = \$1,640.25/month
186% FPL = \$27,118.80/year = \$2,259.90/month
Income disregard = \$619.65
Percentage = \$619.65/\$1640.25 = 37.8%

Note that some states have established higher income limits for the Medicare Savings Programs.

Improving MSP Enrollment and Retention

Today, 300,000 additional New Yorkers are eligible for an MSP thanks to the efforts of Medicare Rights and its partners. Sadly, tens of thousands of New Yorkers have long been eligible for an MSP but not enrolled owing to a lack of awareness, stigma, and other factors. There are a number of changes that would further increase MSP access and take full advantage of the recent eligibility expansion.

These suggestions may also be useful strategies for improving MSP enrollment in other states.

1. **MSP auto-enrollment:** The Medicare Improvement for Patients and Providers Act (MIPPA) requires an application for the federal Extra Help program to be considered an application for an MSP. Unfortunately, there is no evidence indicating that New York State uses Extra Help applications submitted through the Social Security Administration (SSA) to automatically enroll beneficiaries into MSPs. Instead, New York State sends a paper Request for Additional Information (RAI) application, which includes an MSP application, to residents who have applied for Extra Help through SSA. Medicare Rights urges New York State to take steps to ensure that the MSP enrollment process aligns

with federal MIPPA guidelines. CMS has also recommended that states process MSP applications using Extra Help data.

2. **MSP auto-renewal in New York City:** All New York counties other than New York City provide automatic renewals for MSP clients who have a fixed Social Security income. During the COVID-19 public health emergency (PHE), the New York State Department of Health automatically renewed MSP enrollments that were set to expire for all counties—without the need for clients to manually renew their benefit. Medicare Rights encourages New York State to implement legislation that permanently allows for statewide automatic MSP recertification.
3. **Redoubled outreach on MSP availability:** While the state and CMS have done some targeted outreach in New York, many eligible individuals are still not enrolled in an MSP. The population of people newly eligible for the QI MSP is particularly important as individuals may be unaware of the existence of MSPs and other cost-saving programs. We urge strengthened efforts to couple all Medicare information with information about the value of and ways to enroll in MSPs.
4. **Online application access and electronic faxing of any paper-based MSP applications statewide:** The e-faxing of MSP applications during the pandemic has streamlined the MSP application process and removed the physical burdens that clients previously faced (being required to either walk an application to their Local Departments of Social Services (LDSS) office or send it via mail). We recommend that, barring greater streamlining and automation of enrollments, faxing of MSP applications continue to be allowed going forward. Local and state authorities should also aim to guarantee online application access for enrollees and people helping them.
5. **Data-matching:** Using existing information from other programs to automate MSP enrollment can increase access to benefits. We urge New York State to develop systems that enable data-sharing among agencies that administer SNAP, Medicaid, and MSP benefits, especially as the state works toward improving and expanding the scope of the New York State of Health (NYSoH) insurance marketplace.