

Protect and Strengthen Medicare

Improving Medicare Savings Programs



The Problem

Current Medicare policies expose low- and moderate-income beneficiaries to excessive out-of-pocket costs. For those who qualify, the Medicare Savings Programs (MSPs) can be a lifeline, helping them pay premiums and, in some cases, cost sharing for Medicare coverage they would not otherwise be able to afford. But the application process in most states is complex and burdensome, and the eligibility requirements leave far too many people who need this assistance unable to get it.

Background

Most people with Medicare cannot afford high and rising costs. Half of all beneficiaries—nearly 30 million people—live on \$29,650 or less per year, and one quarter live on \$17,000 or less. They also have limited savings; this is particularly true for enrollees of color: Hispanic Medicare enrollees have median savings of \$9,650, and 27% have no savings at all. The median savings for Black Medicare enrollees is \$14,500, and 1 in 4 have no savings. Even one year with significant costs may exhaust the savings of most beneficiaries.

Low-income Medicare beneficiaries, **most of whom are enrollees of color**, often struggle to afford needed care and prescription drugs. An **estimated** 40% of those living on annual incomes below 150% of the poverty level spend 20% or more of their income on premiums and health care costs. People with very low incomes may be eligible for Medicaid to supplement Medicare. In most states, however, there is limited help for those who are just above the poverty level.

Three MSPs can help Medicare beneficiaries by paying premiums: Qualified Medicare Beneficiary (QMB), Specified Low-income Medicare Beneficiary (SLMB), and Qualifying Individual (QI). The QMB program also pays Medicare cost sharing for enrollees. But the financial eligibility thresholds for the MSPs are **extremely low** (see chart on next page).

2023 MSP eligibility standards

Qualified Medicare Beneficiary (QMB)

Gross monthly income limits: 100% Federal Poverty Level, or FPL, + \$20

Most states: \$1,235 – Individual \$1,663 – Couple

Asset limits: \$9,090 – Individual \$13,630 – Couple

Specified Low-income Medicare Beneficiary (SLMB)

Gross monthly income limits: 120% FPL + \$20

Most states: \$1,478 – Individual \$1,992 – Couple

Asset limits: \$9,090 – Individual \$13,630 – Couple

Qualifying Individual (QI)

Gross monthly income limits: 135% FPL + \$20

Most states: \$1,660 – Individual \$2,239 – Couple

Asset limits: \$9,090 – Individual \$13,630 – Couple

In addition, most states require applicants to prove they have limited assets. The income and asset requirements, combined with confusing application processes, lack of information about the programs, and frequent redeterminations, result in underused programs, despite the high need for help with Medicare costs. Data analyses consistently demonstrate that uptake of MSPs **remains below 60%** despite work by the federal government, states, and national advocacy organizations like **NCOA** or Medicare Rights.

The Biden administration may soon finalize **proposals** that would help beneficiaries gain access to MSPs through **streamlining some application** and **financial reporting processes**.

As the population ages and health care prices continue to rise, more and more beneficiaries may find the cost of needed care to be out of reach.

Possible Solutions

- **Expand Income Eligibility for MSPs.** The default income eligibility limits for the MSPs are extremely low. For example, in most states, beneficiaries must be at or below 100% of the federal poverty level to qualify for QMB, which is below the level for expansion Medicaid (138%). Congress, or individual states, should expand the income eligibility threshold for QMB to at least 138%.

- **Eliminate Asset Limits for MSPs.** Many people are MSP eligible but struggle to fulfill the paperwork to prove their assets are below the default threshold. Congress, or individual states, should eliminate asset limits for all MSPs. Currently, Alabama, Arizona, Connecticut, Delaware, Louisiana, Mississippi, New Mexico, New York, Oregon, Vermont, and the District of Columbia do not have asset limits for MSPs (as of November 2021).
- **MSP Auto-Enrollment.** Auto-enrolling those who qualify for LIS into MSPs at the state level would solve for another significant barrier to program access—the complex application process. States have access to income information that would enable ex parte determination of eligibility and automatic enrollment in most circumstances.
- **Create OOP caps in Parts A and B.** Congress should establish a standardized, affordable, out-of-pocket maximum for Parts A and B, including traditional Medicare and Medicare Advantage (MA). While MA does have a cap on hospital and medical costs, the default limit is far beyond the reach of many Medicare beneficiaries at \$7,550 for in-network services and \$11,300 for in-network and out-of-network services combined. In addition, MA is not the best coverage for every beneficiary's circumstances.
- **Redouble Outreach on MSP Availability.** Medicare has increased its [outreach on MSPs](#), but too many eligible individuals still are not enrolled. We urge redoubled efforts to couple all Medicare information with information about the value of and ways to enroll in MSPs.
- **Improve funding for the State Health Insurance Assistance Program (SHIP).** SHIPs provide one-on-one counseling to help people with Medicare choose the coverage option that best fits their circumstances. This reduces unnecessary expenses from coverage that is poorly suited to the beneficiary's needs. Improved funding can increase the reach and scope of the 54 SHIP programs nationally.