

# Protect and Strengthen: Medicare and Medicaid in New York

Medicare guarantees access to health care for older adults and people with disabilities. Together with the Affordable Care Act (ACA) and Medicaid, Medicare builds health security and well-being for New Yorkers of all ages. Any changes to these programs, whether at the state or federal level, must aim for healthier people, better care, and smarter spending—not paying more for less.

For decades, Medicare and Medicaid have served as building blocks for health care and well-being for older adults and people with disabilities. The programs, with some overlap, serve different populations, provide different benefits, have different structures, and often face different political obstacles.

## Medicare

- Medicare was established in 1965 to provide health insurance to people age 65 and older, regardless of income or medical history.
- The program was expanded in 1972 to include people under age 65 with permanent disabilities receiving Social Security Disability Insurance (SSDI) payments and people with end-stage renal disease (ESRD). In 2001, Medicare eligibility expanded further to cover people with amyotrophic lateral sclerosis (ALS, or Lou Gehrig's disease).<sup>1</sup>
- Today, Medicare helps 59 million older adults and people with disabilities—and more than 3.4 million New Yorkers—pay for hospital and physician visits, prescription drugs, and other acute and post-acute care services.

## Medicare Financing

- Medicare is primarily financed through payroll taxes, general revenues, and premiums paid by enrollees. Other sources include taxes on Social Security benefits, payments from states, and interest.

## Medicare Services and Eligibility

- Medicare has four parts: A, B, C, and D. Each has its own eligibility requirements, as described below:
  - **Part A (inpatient/hospital coverage)** covers most medically necessary hospital, skilled nursing facility, home health, and hospice care. For most people, there is no premium for Part A. Most people age 65 and older are eligible for Part A, as are some people under age 65 with permanent disabilities and those with ESRD or ALS.
  - **Part B (outpatient/medical coverage)** covers most medically necessary doctors' services, preventive care, durable medical equipment, hospital outpatient services, laboratory tests, x-rays, mental health

## New Yorkers with Medicare: Just the Facts

Most New Yorkers with Medicare cannot afford to pay more. In 2016, 57% of the state's Medicare beneficiaries had incomes below \$25,000 per person, and more than a third had incomes below \$15,000.

People of color live on even less. 45% of black beneficiaries and 54% of Hispanic beneficiaries have incomes below \$15,000 per year.

Older people of color are more likely to live in poverty. In the U.S., the poverty rate is 18% for black adults over 65 and 20% for Hispanic adults, compared to 7% for white adults.

People with Medicare already pay a significant amount for health care. In 2016, they paid 14% of household expenses toward health care costs, more than double that of non-Medicare households (6%).

care, and some home health and ambulance services. There is a monthly premium for this coverage. People eligible for Part A are also eligible for Part B.

- **Part C (Medicare Advantage)** is not a separate benefit. Rather, it is the part of Medicare that allows private health insurance companies to provide Medicare benefits. Medicare Advantage Plans must offer, at minimum, the same coverage as Parts A and B, and most include Medicare prescription drug coverage (Part D). There is usually a monthly premium, in addition to the monthly Part B premium. People may choose to enroll in Part C if they are entitled to Part A and enrolled in Part B.
- **Part D (prescription drug coverage)** is the part of Medicare that provides outpatient drug coverage. Part D is provided only through private insurance companies that have contracts with the government. People are eligible for Part D if they are enrolled in Part A, Part B, or both.<sup>ii</sup>
- Medicare has notable coverage gaps. The program does not generally cover long-term care, vision, dental, or hearing services.<sup>iii</sup>

## Medicaid

- The Medicaid program was established in 1965 by the same federal legislation that established Medicare. Originally conceived as a medical assistance supplement for people receiving cash welfare assistance, the Medicaid program has been expanded over time.<sup>iv</sup>
- Today, Medicaid covers more than 5.3 million New Yorkers across a broad low-income population, including pregnant women, children and adults with diverse physical and mental health conditions, and low-income Medicare beneficiaries.<sup>v</sup>

## Medicaid Financing

- Medicaid is financed and administered through a federal-state partnership. The federal government matches state Medicaid spending based on a statutory formula. New York has flexibility in how it structures and provides benefits, but federal law specifies core requirements that all states must meet as a condition of receiving federal Medicaid funding.

## Medicaid Services and Eligibility

- New York must cover core groups of low-income individuals, as outlined in federal law, and may expand coverage to include additional populations. These core groups include low-income pregnant women, children, parents of dependent children, older adults, and people with disabilities.
- Most recently, the Affordable Care Act (ACA) established a new optional Medicaid eligibility group for low-income, non-elderly adults without dependent children. New York is one of 34 states that chose to expand Medicaid to cover this population.
- Importantly, Medicaid is the nation's primary payer for long-term services and supports (LTSS), including for those in institutional and home- and community-based settings. Nearly 12 million individuals nationally<sup>vi</sup>

## New Yorkers with Medicaid: Just the Facts

More than 5.3 million new Yorkers have Medicaid health coverage. This includes people with Medicaid as it existed prior to the ACA and people covered by the ACA's Medicaid expansion.

Thirty-four states, including New York, have expanded Medicaid coverage to low-income adults ages 19-64.

An estimated 888,000 New Yorkers have both Medicare and Medicaid.

Medicaid often covers many services that are not covered in Medicare, including long-term care, home and community based services, and dental services.

In 2016, 587,000 Medicare beneficiaries in New York State were enrolled in a Medicare Savings Program (MSP). MSPs help pay Medicare costs for individuals with limited incomes.

and 888,000 New Yorkers,<sup>vii</sup> are dually enrolled in both Medicaid and Medicare, with Medicaid paying the majority of their long-term services and supports costs.<sup>viii</sup>

## New York's Medicare Requirement for Medicaid Beneficiaries

- In October 2017, New York State released information about the requirement that certain Medicaid applicants/recipients apply for Medicare as a condition of their Medicaid eligibility. Those who do not comply risk losing their Medicaid coverage. Individuals who are over 65 will receive a notice from their local Department of Social Services (LDSS) about the Medicare requirement if they are applying for or renewing Medicaid benefits and do not have Medicare.
- The New York State Department of Health (NYSDOH) has engaged Facilitated Enrollers to conduct outreach and to help certain individuals enroll in Medicare.

## Medicare Savings Programs (MSP)

- MSPs help pay Medicare costs for individuals with limited resources. MSP enrollment also provides automatic enrollment into Extra Help, the federal program that helps pay Medicare prescription drug costs. In New York, MSP enrollment has been simplified in recent years by elimination of the MSP asset test and other measures.
- In 2016, 587,000 New York Medicare beneficiaries were enrolled in an MSP.<sup>ix</sup> An estimated 120,000 additional New Yorkers are eligible for an MSP but not enrolled, owing to a lack of education around the benefits, stigma, and other factors.

## Elderly Pharmaceutical Insurance Coverage (EPIC)

- EPIC is the New York State Pharmaceutical Assistance Program (SPAP) that helps older adults with Medicare pay for prescription drug costs. In 2010, more than 300,000 New York Medicare beneficiaries were enrolled in EPIC.<sup>x</sup>

See footnotes for more on the data presented in Just the Facts textboxes.<sup>xi</sup>

<sup>i</sup> Cubanski, J., et al. *A Primer on Medicare: Key Facts About the Medicare Program and the People it Covers*, (March 20, 2015) <https://www.kff.org/report-section/a-primer-on-medicare-who-is-eligible-for-medicare/>

<sup>ii</sup> Medicare Rights Center, <https://www.medicareinteractive.org/get-answers/medicare-basics>

<sup>iii</sup> Kaiser Family Foundation, *Medicaid's Role in Meeting Seniors' Long-Term Services and Supports Needs* (August 2, 2016) <https://www.kff.org/medicaid/fact-sheet/medicaids-role-in-meeting-seniors-long-term-services-and-supports-needs/>

<sup>iv</sup> Kaiser Family Foundation, *Medicaid: A Primer* (March 2013) <https://kaiserfamilyfoundation.files.wordpress.com/2010/06/7334-05.pdf>

<sup>v</sup> New York State Department of Health, *Number of Medicaid Enrollees by Category of Eligibility by Social Service District* (April 2014) [https://www.health.ny.gov/statistics/health\\_care/medicaid/eligible\\_expenditures/el2013/2013-cy\\_enrollees.htm](https://www.health.ny.gov/statistics/health_care/medicaid/eligible_expenditures/el2013/2013-cy_enrollees.htm)

<sup>vi</sup> Centers for Medicare & Medicaid Services, *People Enrolled in Medicare and Medicaid* (February 2018) [https://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/Downloads/MMCO\\_Factsheet.pdf](https://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/Downloads/MMCO_Factsheet.pdf)

<sup>vii</sup> Medicare Payment Advisory Commission, *Beneficiaries Dually Eligible for Medicare and Medicaid* (January 2018) [https://www.macpac.gov/wp-content/uploads/2017/01/Jan18\\_MedPAC\\_MACPAC\\_DualsDataBook.pdf](https://www.macpac.gov/wp-content/uploads/2017/01/Jan18_MedPAC_MACPAC_DualsDataBook.pdf)

<sup>viii</sup> Musumeci, MaryBeth and Erica L. Reeves, *Medicaid and Long-Term Services and Supports: A Primer* (December 15, 2015) <https://www.kff.org/medicaid/report/medicaid-and-long-term-services-and-supports-a-primer/>

<sup>ix</sup> National Council on Aging, *Medicare Savings Program Enrollment Visualization* (September, 2016) <https://www.ncoa.org/economic-security/benefits/visualizations/medicare-savings-program-visualization/>

<sup>x</sup> New York State Department of Health, *EPIC Program Annual Report 2009-2010* (September, 30, 2010) [https://www.health.ny.gov/health\\_care/epic/annual\\_report/2009\\_2010/table1\\_0910.htm](https://www.health.ny.gov/health_care/epic/annual_report/2009_2010/table1_0910.htm)

<sup>xi</sup> Data drawn from Current Population Survey looked at all Medicare beneficiaries in New York State in 2016. Race and origin filters were used to determine Medicare incomes for persons of color. <https://www.census.gov/cps/data/cpstablecreator.html>