



# Protect and Strengthen: State Health Insurance Assistance Programs (SHIPs)

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 for Americans of all ages. Any changes to Medicare must aim for healthier people, better care, and smarter spending—**not paying more for less.**

For more than 25 years, the State Health Insurance Assistance Program (SHIP) has helped Medicare beneficiaries, their families, and caregivers navigate Medicare’s complex coverage rules and enrollment processes. In 2015 alone, SHIP counselors—most of whom are highly-trained volunteers—provided one-on-one, in-depth, unbiased assistance to over 7 million older adults and people with disabilities, empowering them to make informed decisions about their care.<sup>i</sup> The individualized assistance provided by SHIPs has nearly tripled over the past 10 years<sup>ii</sup> and with 10,000 people reaching Medicare eligibility age each day, demand is likely only to grow.<sup>iii</sup>

## Medicare enrollment is challenging and isolating for many.

- Enrolling or changing Medicare coverage is a complicated, multi-factorial decision-making process. People must weigh a variety of considerations—from benefits and costs to provider participation and travel—and sift through an often overwhelming number of plan choices in order to determine what option is best for their unique circumstances.<sup>iv</sup>
- Recent policies and regulations are expected to further complicate the Medicare landscape as soon as next year, when the number of and variance between Medicare Advance (MA) plans is projected to greatly increase, and when shifts in enrollment periods and timelines also take effect.
- Beneficiaries with reduced cognitive ability, a group that will grow substantially as the Medicare population ages, will be particularly at risk as plan choice proliferates. Studies indicate this population often makes poor decisions—or no decisions at all—when faced with an overwhelming number of complex coverage choices.<sup>v</sup>

### People with Medicare: Just the Facts

Currently, **59 million** Americans rely on Medicare for health coverage.

**Most people with Medicare cannot afford to pay more.** In 2016, half of all Medicare beneficiaries had incomes below **\$26,200** and one quarter had incomes below **\$15,250**.

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

## Beneficiary Education Tools are Inadequate

- Although a great deal of educational information is available online or in print, beneficiaries often have difficulty understanding its significance and using it correctly to make decisions.<sup>vi</sup>
- Most beneficiaries have difficulty interpreting even simple displays of Medicare health plan information.<sup>vii</sup>

## SHIPs provide unique, valuable services in communities across the country.

- As the only federally-supported program that provides one-on-one, unbiased counseling to people with Medicare and those who help them navigate their coverage, SHIPs are uniquely well-positioned to fill gaps in beneficiary outreach and education.
- A primary goal of the SHIP program is to provide beneficiaries with accurate, understandable, and objective health insurance information so they can make informed coverage decisions and understand their rights and protections. SHIP counselors provide this information over the telephone, in face-to-face interactive sessions, and through public education presentations and programs, and media activities.
- The personalized counseling that SHIPs provide cannot be replicated through existing beneficiary education tools, such as 1-800 Medicare. In fact, the federal agencies that house these tools and oversee/administer Medicare—the Centers for Medicare & Medicaid Services and the Social Security Administration—routinely refer beneficiaries with Medicare questions to SHIP counselors. Together with Medicare Advantage and Part D prescription drug plans, local and state agencies, and congressional staff, these account for approximately one-third of all SHIP referrals.
- The SHIP network is community-based and nationwide. With a presence in every state, over 3,000 local offices, and over 15,000 counselors, the SHIP network is critical to meeting the ever-growing demand for Medicare counseling and assistance at the community level.<sup>viii</sup>
- Making the right coverage decision can save money for both Medicare beneficiaries and the Medicare program. While the Medicare coverage that best meets a beneficiary’s unique needs isn’t always the least expensive, optimal decision-making by informed consumers can save money for individuals, and, by helping them access the care they need, potentially reduce overall Medicare spending as well.
  - One study found that if beneficiaries chose the least expensive Part D plan available in their region, they could save an average of \$368 per year; but only 5.2% of the beneficiaries in the study sample chose the least expensive plan.
  - Several states estimate savings to beneficiaries resulting from SHIP assistance, including \$110 million in Massachusetts, \$56 million in Michigan, and \$53 million in North Carolina.<sup>ix</sup>

### SHIPs Help with a Variety of Issues

SHIP counselors can assist people in obtaining coverage through options that include Original Medicare, Medicare Advantage (Part C) Plans, Medicare Prescription Drug (Part D) Plans, and programs designed to help people with limited incomes pay for their health care, such as Medicaid, the Medicare Savings Program, and the Low Income Subsidy.

SHIPs also help people compare Medicare Supplemental (Medigap) insurance policies and explain how these and other types of health coverage—including employer plans, retiree coverage, and Medicaid—work with Medicare.

In addition, SHIPs provide information on long-term care insurance and, when needed, refer beneficiaries to agencies such as the Social Security Administration and local Medicaid offices for additional assistance.

SHIPs also provide assistance with fraud and abuse issues, billing problems, and appeal rights.

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<sup>i</sup> National Council on Aging, *SHIPs Services Infographic*, <https://www.ncoa.org/resources/ships-services-infographic/>.

<sup>ii</sup> National Council on Aging, *Funding for Medicare State Health Insurance Assistance Programs* <https://www.ncoa.org/wp-content/uploads/IB17-SHIP-FY18-Funding-July.pdf>

<sup>iii</sup> Cohn, D’Vera and Paul Taylor, Pew Research Center. “Baby Boomers Retire,” December 2010. (last visited March 1, 2018): <http://www.pewresearch.org/fact-tank/2010/12/29/baby-boomers-retire/>.

<sup>iv</sup> Medicare Rights Center, *Questions to Ask When New to Medicare*, <https://www.medicareinteractive.org/get-answers/medicare-basics/medicare-coverage-overview/questions-to-ask-when-new-to-medicare>

<sup>v</sup> J. Michael Williams, et al; Health Affairs, *Complex Medicare Advantage Choices May Overwhelm Seniors – Especially Those With Impaired Decision Making* (September 2011) <https://www.healthaffairs.org/doi/10.1377/hlthaff.2011.0132>

<sup>vi</sup> Ellen O’Brien and Jack Hoadley; The Commonwealth Fund, *Medicare Advantage: Options for Standardizing Benefits and Info to Improve Consumer Choice* (April 2008) [http://www.commonwealthfund.org/~media/Files/Publications/Issue%20Brief/2008/Apr/Medicare%20Advantage%20Options%20for%20Standardizing%20Benefits%20and%20Information%20to%20Improve%20Consumer%20Choice/OBrien\\_Medicare\\_Advantage\\_options\\_1117\\_ib%20pdf.pdf](http://www.commonwealthfund.org/~media/Files/Publications/Issue%20Brief/2008/Apr/Medicare%20Advantage%20Options%20for%20Standardizing%20Benefits%20and%20Information%20to%20Improve%20Consumer%20Choice/OBrien_Medicare_Advantage_options_1117_ib%20pdf.pdf)

<sup>vii</sup> *Id.*

<sup>viii</sup> The Administration for Community Living, *State Health Insurance Assistance Program*, <https://www.acl.gov/programs/connecting-people-services/state-health-insurance-assistance-program-ship>

<sup>ix</sup> National Council on Aging, *Funding for Medicare State Health Insurance Assistance Programs* <https://www.ncoa.org/wp-content/uploads/IB17-SHIP-FY18-Funding-July.pdf>