

Spotlight: State Opportunities to Improve Economic Security for Low-Income Older Adults and People with Disabilities

For many older adults and people with disabilities, paying for their medical care means having less money for other necessities such as housing, food, and transportation. However, states have opportunities to improve economic security for these populations by facilitating their enrollment into [Medicare Savings Programs \(MSPs\)](#). MSPs make health care coverage more accessible and affordable for low-income individuals by covering their Medicare Part A and B premiums and cost sharing.

Following are some ways that states can simplify MSP eligibility and enrollment processes for low-income older adults and people with disabilities:

- **Maximize Use of Low-Income Subsidy (LIS) Data to Determine MSP Eligibility.** The Medicare Part D LIS program (also called Extra Help) pays Medicare Part D prescription drug premiums and cost sharing for individuals with low income who meet certain resource criteria. Because full LIS and the MSPs generally target individuals with income less than 135 percent of the federal poverty level and have the same limits on resources, most full LIS enrollees should also be enrolled in an MSP. However, 1.25 million people enrolled in full LIS are not enrolled in an MSP, despite likely being eligible.

States must [use LIS application “leads” data provided by the Social Security Administration](#) to initiate MSP applications for these individuals. Per section 1144(c)(3) of the Social Security Act, states must “initiate” MSP applications using the LIS leads data from SSA. In addition, states must accept the leads data and “act on it as they would an MSP application submitted by an individual.”

- **Align MSP and LIS Eligibility Criteria.** States also can improve the MSP eligibility determination process by [aligning their MSP eligibility criteria with those used for the LIS program](#) to facilitate the use of LIS eligibility data in determining eligibility for MSPs. Aligning MSP eligibility methodologies allows states to more easily use the Social Security Administration’s LIS “leads” data to automate and/or streamline enrollment into MSP benefits.
 - **Maximize Enrollment in the Qualifying Individuals (QI) MSP Group.** States receive 100 percent federal funding for the payment of Medicare Part B premiums for individuals in the QI group. Beneficiaries enrolled in QI are not eligible for other Medicaid program benefits, but coverage of their Medicare Part B premium helps individuals maintain Medicare enrollment and improves economic security. However, only about [15 percent of individuals likely eligible for the QI group are enrolled](#). States can [implement policies and procedures](#) to help more individuals enroll in QI and unlock this additional federal money. For example, in its budget for fiscal year 2022-23, New York raised its income eligibility limit for the QI program from 135 percent of the federal poverty level to 186 percent starting January 1, 2023.
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- **Revise Asset Tests for MSPs:** [Most states](#) limit the value of assets that can be held by low-income Medicare beneficiaries as a criterion for MSP eligibility. The mostly commonly used asset criteria were set by the federal government and have not been adjusted over time for inflation.

States can consider revising their asset tests for MSP eligibility. In California, [a new law will gradually eliminate the asset test](#) for non-modified adjusted gross income (non-MAGI) Medi-Cal programs that provide health care for older adults and people with disabilities, including MSPs. While California's new law extends to Medicaid eligibility groups beyond MSP enrollees, [11 other states](#) have already eliminated asset limits for MSPs alone. Another, more incremental option for states is to disregard specific types of assets, especially those that are most burdensome for states and beneficiaries to verify (e.g., life insurance). This change would increase the number of individuals eligible for MSPs at a lower cost to the state than waiving all asset tests.

The Integrated Care Resource Center (ICRC) is available to provide technical assistance to states interested in exploring policy options to improve access to MSPs. Questions and technical assistance requests can be sent to integratedcareresour@chcs.org.

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