



Medicare Rights Center

**MEDICARE RIGHTS CENTER  
TESTIMONY**

**Presented by  
Elana Berman, Director of Client and Community Services**

**Division of Budget  
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Good afternoon, I am Elana Berman, Director of Client and Community Services of the Medicare Rights Center (MRC), the nation’s largest independent source of health care information and assistance for people with Medicare. Founded in 1989, the Medicare Rights Center is a consumer service organization that helps older adults and people with disabilities access affordable health care.

Much of the Medicare Rights Center’s work has focused on helping men and women – especially the frailest and poorest people with Medicare – access low-income assistance programs so that they have the health care benefits to which they are entitled. Through these efforts, we’ve seen again and again that people with Medicare aren’t able to access the financial relief they need and deserve.

Today, I am here as someone who helps people with Medicare access the health care they need and to explain how removing the asset test, which would liberalize the eligibility requirements for the Medicare Savings Program, would benefit people with Medicare and bring in more federal dollars to New York State.

There are three Medicare Savings Programs: Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB), and Qualified Individual-1 (QI-1). The income limits for the three programs increase gradually, with QMB having the lowest income threshold and QI-1 with the highest income threshold. All three programs pay the full cost of the monthly Medicare Part B premium, about \$100 a month in 2008; additionally, QMB helps pay Medicare coinsurance and deductibles. People who are enrolled in a Medicare Savings Program automatically receive Extra Help, which significantly lowers Medicare prescription drug costs for individuals as well as for State Pharmaceutical Assistance Programs, like EPIC in New York State that pays out of pocket drug costs. Extra Help, a federally funded program pays the prescription drug plan premium, deductible, and copayments, with estimated annual savings of \$3,300. All these programs are wonderful, if you can get them.

| 2007 New York State Income and Asset Limits for Medicare Savings Programs |                       |            |         |              |          |
|---|-----------------------|------------|---------|--------------|----------|
| Program   | Monthly Income Limits |            |         | Asset Limits |          |
|   | % of FPL*             | Individual | Couple  | Individual   | Couple   |
| <b>QMB</b>  | ≥100                  | \$871      | \$1,161 | \$4,000      | \$6,000  |
| <b>SLMB</b>   | 101-120               | \$1,041    | \$1,389 | \$4,000      | \$6,000  |
| <b>QI</b>   | 121-135               | \$1,169    | \$1,560 | No Limit     | No Limit |

Both QMB and SLMB have extremely low national asset limits (\$4,000 for individuals and \$6,000 for couples) that bar access for many low-income New Yorkers. Since New York eliminated its asset test for QI-1, the Medicare Savings Program with the most liberal income limits, more New Yorkers in need have been able to use this program to reduce their health care expenses. For years MRC, along with fellow advocates, has called for the liberalization of the Medicare Savings Program asset test in QMB and SLMB because liberalization would expand and simplify access to all three programs in several ways.

First, the asset test has proven to be a major barrier to Medicare Savings Program enrollment. It complicates the application process, forcing applicants to determine the cash value of life insurance policies and triggering onerous documentation requirements.<sup>i</sup> Applicants are reluctant to reveal assets, even if they are low, because they wrongly fear they will lose them.<sup>ii</sup> The asset test also creates an administrative burden on states to verify asset information, a much more difficult process than checking income.<sup>iii</sup> **The four states** that have already eliminated the asset test have all experienced a reduction in the administrative time necessary to process applications.<sup>iv</sup>

Second, the asset test is a poor indicator of the level of need for financial assistance. The national Medicare Savings Program asset test, frozen at levels set in 1989,<sup>v</sup> disqualifies nearly half the population that would be found eligible on the basis of income.<sup>vi</sup>

The Centers for Medicare and Medicaid Services (CMS) is enforcing the eligibility criteria for these programs in New York. Previously, the policy was equitable. New Yorkers who had lower income that meets QMB and SLMB criteria but had assets greater than \$4,000 or \$6,000 could receive payment of their Part B premiums through the QI-1 program. However, CMS has said it will no longer allow this. New Yorkers who have the lowest income but assets that exceed the extremely low limits don't qualify for *any* help, including premium assistance under QI-1. This change will result in a perverse, counterintuitive system: First, it will penalize the poorest New Yorkers who are older or who have disabilities for saving more than four thousand dollars, making them ineligible to receive a Medicare Savings Program. Second, this change is regressive. An income-poor individual with modest assets may not be eligible for *any* Medicare Savings Program assistance, while an individual with a higher income and more assets may qualify for QI-1.

Comment [JC1]: I don't understand this

Comment [JC2]: I don't understand this either

A case example of why removing the asset test now is invaluable is:

One of our clients is Ms. H., a widow who lives in Brooklyn, N.Y., is 74 years old and a typical example of someone whose income is SLMB level but whose assets would disqualify her for SLMB. She receives a \$400 monthly Social Security check and works part-time to earn an additional \$500 a month to make

ends meet. But because she lives in New York State and because of how eligibility is currently determined in New York State, she is eligible for the QI program, which also serves as a back door to getting her Extra Help.

This case demonstrates the need people have for these programs. Unfortunately when the described changes to determine eligibility take place and if the asset test is not removed for all three Medicare Savings Programs, this individual will no longer qualify for any benefits.

Now is the time for action. New York can capitalize on federal funds by applying to CMS for a State Plan Amendment to remove the asset test for all three Medicare Savings Programs. Eliminating the asset test will increase the number of people enrolled in Medicare Savings and Extra Help. Normally the individual would have to pay for their drug costs. Increasing Extra Help enrollment in New York, however, will save New Yorkers up to \$3,300 a year in drug costs and the state \$1,430 a year for its EPIC members.

To summarize the advantages to removing the asset test for all three Medicare Savings Program are:

- **Simplified program administration.** Reviewing asset information, either at the time of application or at the time of recertification, is perhaps the most time consuming task in the enrollment process. Eliminating this would significantly decrease time and administrative costs for the state.
- **Other states have already experienced lower costs.** Maine and Vermont have eliminated the asset test for all three programs. The cost to the states of Part B premium assistance was offset by savings to their State Pharmaceutical Assistance Programs due to increased enrollment in Extra Help. Alabama, Arizona, Delaware, and Mississippi have raised or eliminated asset limits for one or more of their programs. Arizona eliminated the asset test for QI-1 after conducting a fiscal impact study, which found that savings on administrative costs related to documenting assets roughly equaled the costs of benefits for additional persons who would enroll in the programs.
- **Savings to the state.** EPIC, New York's State Pharmaceutical Assistance Program has recently required that all people with EPIC enroll in Medicare Part D, and if they are eligible, apply for Extra Help as well. EPIC saves an average of \$1,430 a year for every New Yorker who has Full Extra Help. This offers the state substantial savings that can be applied to any increases in costs related to QMB and SLMB.

Unnecessary expense, bureaucracy and bureaucratic errors cost money and time. Conversely, affordable, streamlined, straightforward, and cooperative health assistance programs will ensure that promises are kept and health care entitlements are realized. Americans who are older or who have disabilities will get access to the health care that is their right. Removing the asset test for all three Medicare Savings Programs is the first step of many to ensuring full and fair access to Medicare.

I thank you for your consideration.

<sup>i</sup> *Maximizing MSP Enrollment with Part D: Lessons from Three States*, Medicare Rights Center, State Solutions, May 2006, p. 2.

<sup>ii</sup> *Improving the Medicare Savings Programs*, National Academy of Social Insurance, June 2006, p. 3 and p. 24.

<sup>iii</sup> *The Role of the Asset Test in Targeting Benefits for Medicare Savings Programs*, Laura Summer and Robert Friedland, Commonwealth Fund, October 2002, p. 13; *How Asset Tests Block Low-Income Medicare Beneficiaries from Needed Benefits*, Laura Summer and Lee Thompson, Commonwealth Fund, May 2004, p. 2.

<sup>iv</sup> *How Asset Tests Block Low-Income Medicare Beneficiaries from Needed Benefits*, p. 7; and *Medicaid Programs to Assist Low Income Medicare Beneficiaries: Medicare Savings Programs Case Study Findings*, Kim Glaun, Kaiser Commission on Medicaid and the Uninsured, December 2002, p. 15.

<sup>v</sup> *Medicare Beneficiaries and Their Assets: Implications for Low-Income Programs*, Marilyn Moon, Robert Friedland and Lee Shirley, Kaiser Family Foundation, June 2002, p. 1.

<sup>vi</sup> *The Role of the Asset Test in Targeting Benefits for Medicare Savings Programs*, p. 11.

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<sup>i</sup> *Maximizing MEDICARE SAVINGS PROGRAM Enrollment with Part D: Lessons from Three States*, Medicare Rights Center, State Solutions, May 2006, p. 2.

<sup>ii</sup> *Improving the Medicare Savings Programs*, National Academy of Social Insurance, June 2006, p. 3 and p. 24.

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