



## Making the Medicare Improvements for Patients and Providers Act (MIPPA) Work: How States Can Help People with Medicare



**B**eginning on January 1, 2010, low-income Medicare beneficiaries are seeing important new changes to programs that make Medicare more affordable. In 2008, Congress passed the Medicare Improvements for Patients and Providers Act (MIPPA).<sup>1</sup> Among other things, beginning in 2010, this legislation improves Medicare Savings Programs and the Part D Low-Income Subsidy (see “Programs that Assist Low-Income Medicare Beneficiaries” on page 3 for a description of these programs). These changes include the following:

1. increasing the asset limits for the Medicare Savings Programs to the same levels as the asset limits for the Part D Low-Income Subsidy;
2. eliminating estate recovery practices for Medicare Savings Programs; and
3. improving the application procedures and exchange of data between state Medicaid agencies, which administer the Medicare Savings Programs, and the Social Security Administration (SSA), which administers the Part D Low-Income Subsidy.

Advocates have an excellent opportunity to ensure that their states implement these changes to their fullest potential. This would help increase enrollment in these programs, which have suffered from chronic underenrollment, and reach the people who most need assistance.

## Aligning Asset Limits

### Background

In the past, federal asset limits for the Medicare Savings Programs were \$4,000 for an individual and \$6,000 for a couple. These asset limits had not been changed for years (although individual states have had flexibility under Medicaid rules to adopt higher limits). In contrast, the asset limits for the full Part D Low-Income Subsidy are higher and are indexed to inflation, so they can change every year. For 2010, asset limits for the full Part D Low-Income Subsidy are \$8,100 for an individual and \$12,910 for a couple (see the table on page 3). This discrepancy made coordination between the two programs difficult. For example, a beneficiary who is found to be eligible for a Medicare Savings Program is automatically eligible for a Part D Low-Income Subsidy under current federal policy. However, beneficiaries who are found to be eligible for the Part D Low-Income Subsidy were not automatically eligible, or even required to have their eligibility determined, for the Medicare Savings Programs. This left many low-income beneficiaries eligible for one program but not the other, and many struggled to afford their Medicare Part B premiums.

### The Fix

MIPPA significantly improves the Medicare Savings Programs by aligning their asset limits with the asset limits for the full Part D Low-Income Subsidy (see Table 1). This should simplify the screening and enrollment processes between the programs and create the potential for better coordination between them. States still have the flexibility to set higher asset limits for the Medicare Savings Programs or to do away with the asset limits altogether, but at a minimum, their asset limits must be no lower than the asset limits for the full Part D Low-Income Subsidy.

### Advocacy Tip

Alignment between the Medicare Savings Programs and the Part D Low-Income Subsidy will not be fully realized unless states adopt definitions of assets and income that are the same as the definitions of assets and income that are used for the Part D Low-Income Subsidy program. Effective in 2010, eligibility determinations for the Part D Low-Income Subsidy no longer counts money and help received from family and friends (“in-kind support and maintenance”) as income, nor do they count the cash value of life insurance policies as an asset. However, each state can use its own definition (within federal limits) to decide what to count as income and assets, including items such as life insurance, in-kind support, bank accounts, and vehicles. Determinations for the Part D Low-Income Subsidy also automatically count \$1,500 of an individual’s assets as burial funds (\$3,000 for a couple), whereas states can require documentation of a burial fund (see “Burial Funds and Asset Limits” on page 4).

Advocates should work with their states to adopt definitions of assets and income that are the same as the Part D Low-Income Subsidy definitions of income and assets. Furthermore, states can improve the alignment of their programs by adopting higher asset limits or eliminating asset tests altogether. Several states, including Alabama, Arizona, Delaware, Maine, Mississippi, and New York,<sup>2</sup> have eliminated asset tests for their Medicare Savings Programs.<sup>3</sup> Completely eliminating asset tests can result in both lower administrative costs and higher enrollment.

## Programs that Assist Low-Income Medicare Beneficiaries

Low-income Medicare beneficiaries often struggle to cover Medicare's out-of-pocket costs. Fortunately, many of them receive assistance from programs that are designed to make health care affordable. The Medicare Savings Programs and the Part D Low-Income Subsidy play an integral role in making sure that quality coverage is within reach for the millions of low-income Medicare beneficiaries.

Category	Program	Benefits Covered	Income Limit as A Percent of the Federal Poverty Level (amount in 2009 dollars)	Asset Limits before MIPPA	Asset Limits after MIPPA ***
Medicare Savings Programs (administered by state Medicaid agencies)	QMB	Part B premium (\$110.50), Part A & B deductibles, Part A & B co-insurance,* automatic enrollment in the Part D Low-Income Subsidy	Up to 100% (\$10,830/individual)	Up to \$4,000 for individuals or \$6,000 for couples, not indexed to inflation**	Up to \$8,100 for individuals or \$12,910 for couples, indexed to inflation**
	SLMB	Part B premium (\$110.50), automatic enrollment in the Part D Low-Income Subsidy	100%-120% (\$10,830-\$12,996/individual)	Up to \$4,000 for individuals or \$6,000 for couples, not indexed to inflation**	Up to \$8,100 for individuals or \$12,910 for couples, indexed to inflation**
	QI	Part B premium (\$110.50), automatic enrollment in the Part D Low-Income Subsidy	120%-135% (\$12,996-\$14,621/individual)	Up to \$4,000 for individuals or \$6,000 for couples, not indexed to inflation**	Up to \$8,100 for individuals or \$12,910 for couples, indexed to inflation**
Part D Low-Income Subsidy (administered by the Social Security Administration)	Part D Full Low-Income Subsidy	Decreased prescription copayments, covers the entire Part D premium	Up to 135% (\$14,621/individual)	Up to \$8,100 for individuals or \$12,910 for couples, indexed to inflation. Includes the cash value of life insurance policies.	Up to \$8,100 for individuals or \$12,910 for couples, indexed to inflation. Excludes the cash value of life insurance policies.
	Part D Partial Low-Income Subsidy	15% co-insurance up to the catastrophic maximum, covers some of the Part D premium on a sliding scale	135%-150% (\$14,621-\$16,245/individual)	Up to \$12,510 for individuals or \$25,010 for couples, indexed to inflation. Includes the cash value of life insurance policies.	Up to \$12,510 for individuals or \$25,010 for couples, indexed to inflation. Excludes the cash value of life insurance policies.

\*The Part A hospital deductible is \$1,110 in 2010. Standard Medicare co-insurance for outpatient care under Part B is 20 percent.

\*\* States can set higher asset limits for their Medicare Savings Programs or do away with asset limits altogether.

\*\*\*Numbers are for 2010. Asset rules for the Part D Low-Income Subsidy include an allowance of \$1,500/individual or \$3,000/couple for burial funds. States may make a similar allowance for QMBs, SLMBs, and QIs, though many currently require documentation of these funds.

## Burial Funds and Asset Limits

How states treat burial funds continues to be a source of confusion between the federally administered Part D Low-Income Subsidy and state-administered Medicare Savings Programs. Both programs allow applicants to keep up to \$1,500 per individual (\$3,000 for a couple) for burial funds. When determining eligibility for the Part D Low-Income Subsidy, the Social Security Administration (SSA) assumes that a portion of an applicant's assets are intended to be used for funeral or burial expenses, unless the applicant indicates otherwise. No further documentation is required. On the other hand, applications for the Medicare Savings Programs can require that such funds be kept in a separate account, which is more burdensome for beneficiaries. As a result, some organizations and state agencies list the new, official Medicare Savings Program asset limits as \$6,660 for an individual and \$9,910 for a couple, with an additional exemption of \$1,500/\$3,000 available to those with qualifying burial funds.

The discrepancy between the treatment of burial funds in the Part D Low-Income Subsidy and Medicare Savings Programs can be eliminated if states adopt the method that the SSA uses. For more information on how your state treats burial funds, find your local State Health Insurance Assistance Program online at [www.hapnetwork.org/ship-locator/](http://www.hapnetwork.org/ship-locator/), or contact your state's Medicaid agency.

## Eliminating Estate Recovery

### Background

"Estate recovery" is the practice of recouping the value of premiums and cost-sharing that were paid out by state Medicaid agencies from the estates of deceased Medicare Savings Program enrollees. Prior to MIPPA, states could choose to pursue estate recovery from the estates of Medicare Savings Program beneficiaries as they could with other Medicaid benefits. While many states did not pursue this option, the possibility of estate recovery deterred many low-income beneficiaries from enrolling in Medicare Savings Programs.<sup>4</sup>

### The Fix

States can no longer pursue estate recovery for Medicare Savings Program benefits. Removing this barrier will give peace of mind to the many people who can benefit from Medicare Savings Programs but who have hesitated to enroll in the past. Outreach and enrollment specialists who work directly with low-income beneficiaries have a major role to play in spreading the word about this important change to the communities in which they work. State Medicaid agencies can review their applications to ensure that estate recovery is no longer mentioned in regard to Medicare Savings Programs, whether their state uses a separate Medicare Savings Program application or a general Medicaid application.

### Advocacy Tip

The way a state implements this change may depend on what type of Medicare Savings Program application it uses. If a state uses a general, and therefore longer, application (one that screens for all programs), it will need to explain that the elimination of estate recovery applies only to the Medicare Savings Programs (assuming it remains in place for other programs). If a state has an MSP-only application, it may be easier to remove the estate recovery language entirely.

Whichever type of application a state uses, eligibility workers can take the opportunity to screen applicants for all programs, regardless of the program to which they applied. Screening for all programs can help improve not only enrollment in the Medicare Savings Program, but also enrollment in programs such as SNAP (the Supplemental Nutrition Assistance Program, or food stamps), another program in which many eligible low-income Medicare beneficiaries do not enroll.<sup>5</sup>

## Exchanging Data between SSA and Medicaid Agencies

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### Background

While the SSA, a federal agency, determines eligibility for the Part D Low-Income Subsidy, state Medicaid agencies determine eligibility for the Medicare Savings Programs. The Medicare Prescription Drug Improvement and Modernization Act<sup>6</sup> of 2003 (MMA, which created Part D and the Part D Low-Income Subsidy) granted states the option of processing applications for the Part D Low-Income Subsidy, but no states chose to exercise that authority. SSA has sent basic demographic data to state Medicaid agencies regarding Part D Low-Income Subsidy enrollees, but states were under no obligation to do anything with the data. This left many people who were eligible for both programs screened and enrolled solely in the Part D Low-Income Subsidy.

### The Fix

MIPPA requires SSA to send a complete data record to states (unless an applicant objects), and it requires states to treat that information as a Medicare Savings Program application. This provision removes a significant barrier to screening and enrollment for the Medicare Savings Program and presents a major opportunity to increase enrollment in those programs. SSA will now transmit the data they receive from Part D Low-Income Subsidy applications to state Medicaid agencies. These data records will be treated as applications for Medicare Savings Programs, unless the applicant opts out. Each data record that is sent by SSA is comprehensive, and states can choose to use this data record as a completed Medicare Savings Program application.

This brings up a number of issues as to how states can prepare to use this new resource. The Centers for Medicare and Medicaid Services (CMS) will issue guidance to states as to how to proceed with this new information.<sup>7</sup> This guidance, however, will leave states with considerable discretion. Advocates should ask the following key questions:

■ **Will states treat the information from SSA as a completed application?**

States can treat the information they receive from SSA as accurate and verified with no new signature required. If a state's Medicare Savings Program eligibility rules are the same as or more generous than Part D Low-Income Subsidy eligibility rules, then the data from SSA should constitute a completed application. This option is the least burdensome for beneficiaries. In addition, requiring less follow-up from the state Medicaid agency reduces administrative costs.

If a state's Medicare Savings Program eligibility rules do not align with the Part D Low-Income Subsidy rules, advocates can work closely with their state Medicaid agency to provide the best possible solution for low-income Medicare beneficiaries. This can include aligning the state's definitions of income and assets with Part D Low-Income Subsidy definitions if a state's definitions are more restrictive. Some key issues that differ from state to state are whether in-kind support is counted as income, and whether the cash value of life insurance is counted as

an asset. As of January 2010, both items are excluded from determinations of Part D Low-Income Subsidy eligibility. How states treat burial funds also varies (see "Burial Funds and Asset Limits" on page 4).

At the very least, the state must contact the applicant and let him or her know what further information the state Medicaid agency requires in order to process the Medicare Savings Program application. One reasonable option is sending the person an application that is pre-populated with data from the Part D Low-Income Subsidy application, along with a letter requesting the additional information that is needed to complete the application.

Advocates should be vigilant in ensuring that their state does not treat SSA data passively. It is not acceptable for states to fail to treat the data they receive from SSA as applications. Moreover, states should not simply use the information they receive from SSA to generate form letters to beneficiaries stating that their applications for a Medicare Savings Program are incomplete. Sending out such a letter requires applicants to complete multiple steps in short order before the application is considered (such as in-person interviews or documentation of income and resources). This sort of approach may be legal, but it will discourage enrollment in Medicare Savings Programs and defeat the point of creating a data exchange between SSA and the states.

- **Does this require administrative and infrastructure changes?**

States began receiving the new information that is transmitted from SSA on January 1, 2010. According to SSA, all states performed at least two test data exchanges prior to January. In addition, Medicaid agencies already have databases and computer systems that receive SSA information, so many states already have the necessary technical infrastructure in place. However, states should determine whether what they currently use is sufficient, or whether they need to build new systems in addition to their current data networks. To ensure the timely processing of applications, states should also make sure that eligibility workers receive the necessary training regarding these new requirements.

- **What kinds of notices and other communications will applicants receive?**

How many new people enroll may depend a great deal on the type of initial communication that beneficiaries receive from their state agency. While advocates can work with state officials to create the most inclusive policy in regards to their treatment of SSA data, advocates can also offer assistance in drafting the letters, notices, and other information that states will send to beneficiaries. The type of correspondence beneficiaries receive will influence their response, and advocates can do their part to

ensure that communication between states and beneficiaries includes clear and concise instructions.

- **How can states minimize barriers to enrollment and retention?**

States can take a number of steps to enhance the enrollment and retention process. For example, those states that require an in-person interview can eliminate this hurdle. Instead, they can allow applicants to mail in copies of any additional required documents that are not included in an initial application, or they can conduct interviews over the phone. States can also streamline the recertification process, which often churns beneficiaries out of programs, only to have them go through the application process all over again when they realize they were dropped. Mailing out pre-populated recertification applications can reduce this administrative burden. If beneficiaries are also receiving other benefits such as SNAP (food stamps), states may be able to use applicable data from these programs to re-determine whether applicants are eligible for any Medicare Savings Program. Finally, allowing community-based organizations and advocates to assist beneficiaries with the screening and enrollment process can also minimize barriers for low-income people, including those with limited English proficiency (LEP).

### Advocacy Tip

Advocates can work with their state Medicaid agencies to promote using SSA data as a completed application; to ensure that agencies, eligibility workers, and communities are informed and up-to-date; and to minimize all barriers to enrollment for low-income Medicare beneficiaries.

MIPPA also provides grants for enhanced outreach, assistance, and information

dissemination among existing networks, including State Health Insurance Assistance Programs (SHIPs), Area Agencies on Aging (AAAs), and state departments of aging. These grantee organizations can be valuable resources for advocates and are a crucial part of making sure this new information gets to the people who need it most.

### Conclusion

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MIPPA, if properly implemented, will significantly improve the Medicare Savings Programs. The changes highlighted in this brief will simplify the application and enrollment process and ease administrative burdens. But to be fully effective, many states must change their existing policies and develop new systems. Advocates have an important role to play in seeing that these changes are as effective as possible.



## Endnotes

<sup>1</sup> Public Law No. 110-275. The full text of the law is available online at <http://thomas.loc.gov/cgi-bin/bdquery/z?d110:h.r.06331>.

<sup>2</sup> New York has eliminated the asset test for the Medicare Savings Programs discussed in this report.

<sup>3</sup> Patricia B. Nemore, Jacqueline A. Bender, and Wey-Wey Kwok, *Toward Making Medicare Work for Low-Income Beneficiaries: A Baseline Comparison of the Part D Low-Income Subsidy and Medicare Savings Programs Eligibility and Enrollment Rules* (Washington: Kaiser Family Foundation, May 2006).

<sup>4</sup> Kim Glaun, *Medicaid Programs to Assist Low-Income Medicare Beneficiaries: Medicare Savings Programs Case Study Findings* (Washington: Kaiser Family Foundation, December 2002).

<sup>5</sup> Dorothy Rosenbaum, *Upcoming Medicare Change Is an Opportunity to Enroll Eligible Low-Income Seniors in Food Stamps* (Washington: Center on Budget and Policy Priorities, September 2009).

<sup>6</sup> Public Law No. 108-173. The full text of the law is available online at <http://thomas.loc.gov/cgi-bin/bdquery/z?d108:h.r.00001>.

<sup>7</sup> As of this writing, CMS has not released this anticipated guidance.



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