

Health Care Affordability and Older Adults

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Filling the need for trusted information on national health issues.

Figure 2

Medicare's Premiums & Cost-Sharing Requirements and Uncovered Health Expenses: A Financial Burden For Lower Income Older Adults

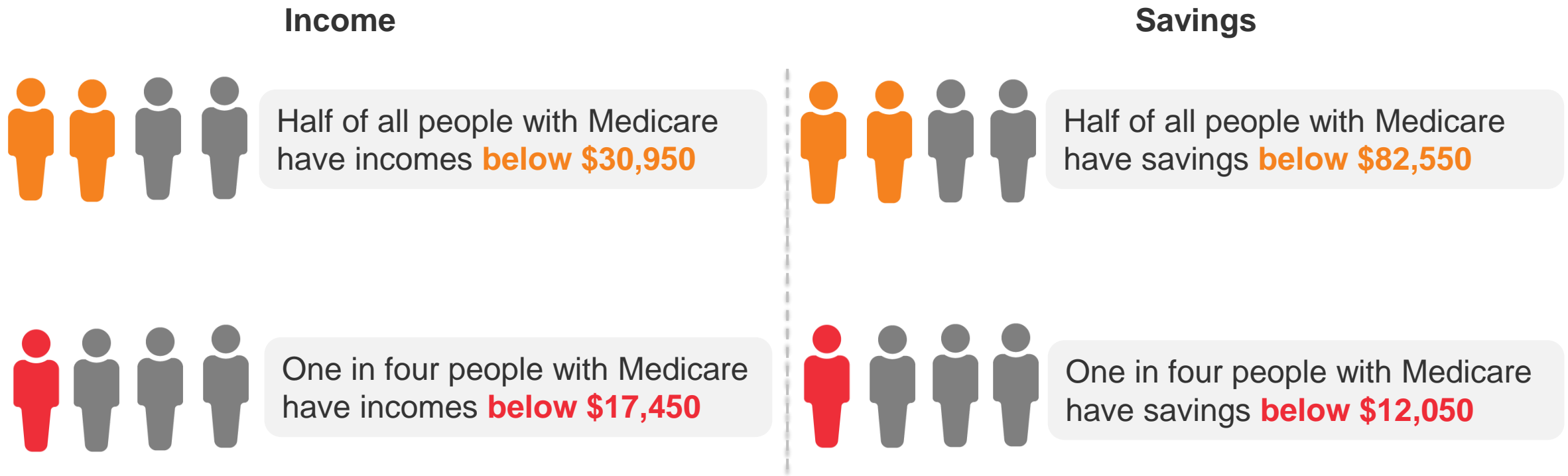
- **Part A**
 - **\$1,600 deductible** per benefit period in 2023, \$400/day for 61-90 inpatient days; \$800/day after 90 days,
 - SNF: No copay for up to 20 days; \$200/day for days 21-100
- **Part B**
 - **\$1,978 year in annual Part B premiums** (\$164.90 in 2023)
 - **\$226 deductible** in 2023
 - **20% coinsurance** on many services
- **No cap on out-of-pocket spending** for traditional Medicare Parts A and B benefits
- **No dental, vision, hearing, or long-term services and supports** in traditional Medicare

Average out-of-pocket spending for traditional Medicare beneficiaries was greater than **\$6,600** in 2018

Figure 3

Many Medicare Beneficiaries Live On Limited Incomes And Have Modest Savings

Per capita income and savings among more than 63 million Medicare beneficiaries, 2021



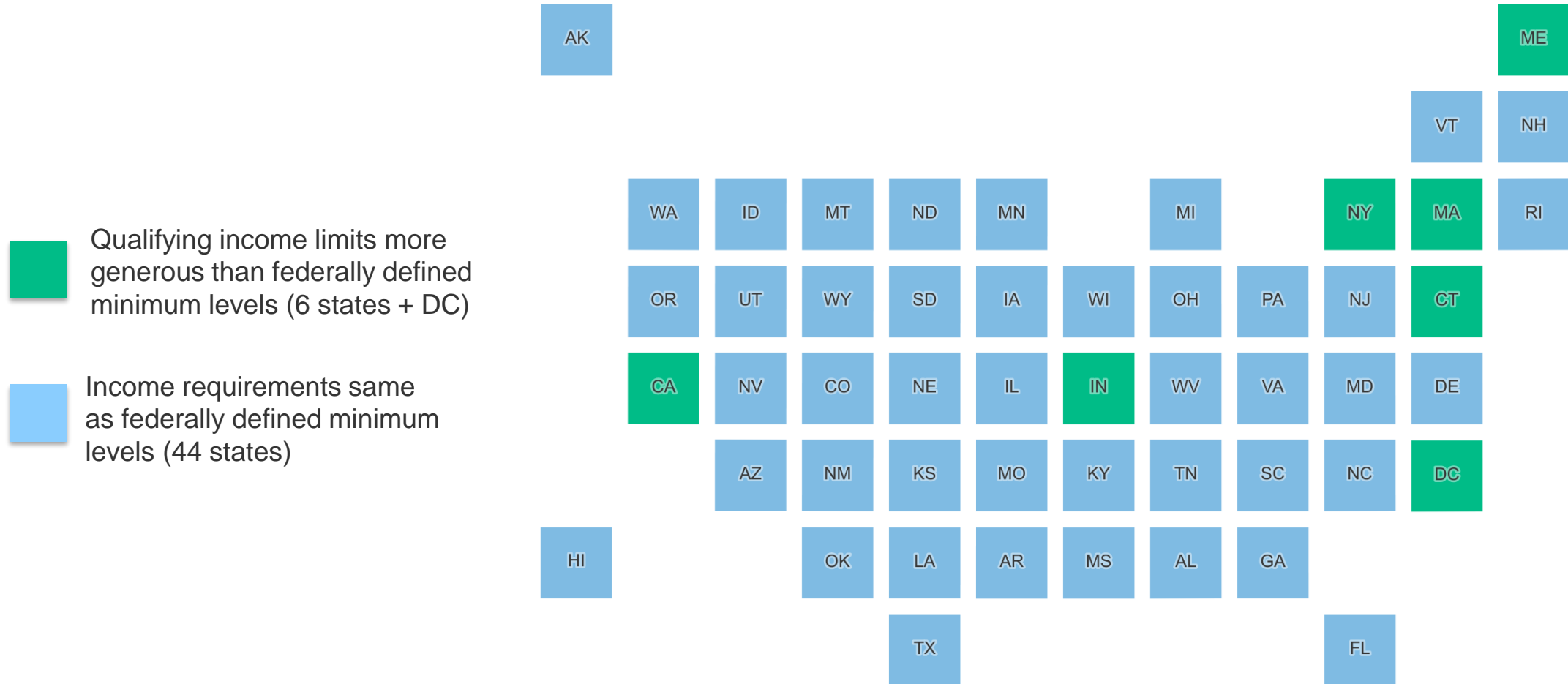
SOURCE: KFF analysis of data from Urban Institute/ DYNASIM, 2021.

The Medicare Savings Programs Help Make Medicare Affordable for Low-Income Beneficiaries

- **Full-Benefit Medicare-Medicaid Beneficiaries** receive full Medicaid benefits; Medicare premium and cost-sharing assistance through the Medicare Saving Programs
- **Medicare Savings Programs**
 - **QMB**: premium and cost-sharing assistance for Medicare beneficiaries with incomes less than or equal to 100% FPL (\$13,590/individuals and \$18,310/couples in 2022) and assets below \$8,400/individuals and \$12,600/couples
 - **SLMB**: Premium assistance for Medicare beneficiaries with incomes up to 120% FPL (\$16,308/individuals and \$21,972/couples in 2022) and assets below \$8,400/individuals and \$12,600/couples in 2022; no cost-sharing
 - **QI**: premium assistance for beneficiaries with incomes up to 135% FPL (\$18,347/individuals and \$24,719/couples in 2022) and assets below \$8,400/individuals and \$12,600/couples. No cost-sharing assistance
 - States can use state-only dollars to provide premium and cost-sharing above these thresholds

Figure 5

Six States and the District of Columbia Have Raised the Qualifying Federal Poverty Limits for the Medicare Savings Programs in 2022



NOTE: New York's higher qualifying income limits are effective January 1, 2023. In California, Medi-Cal Aged, Blind, and Disabled is set at 138% of the Federal Poverty Level (FPL) and the 250% Working Disabled Program is set at 250% FPL. In Connecticut, income limit is 211% FPL (vs 100% FPL) and 246% for QI (vs the typical 135%).

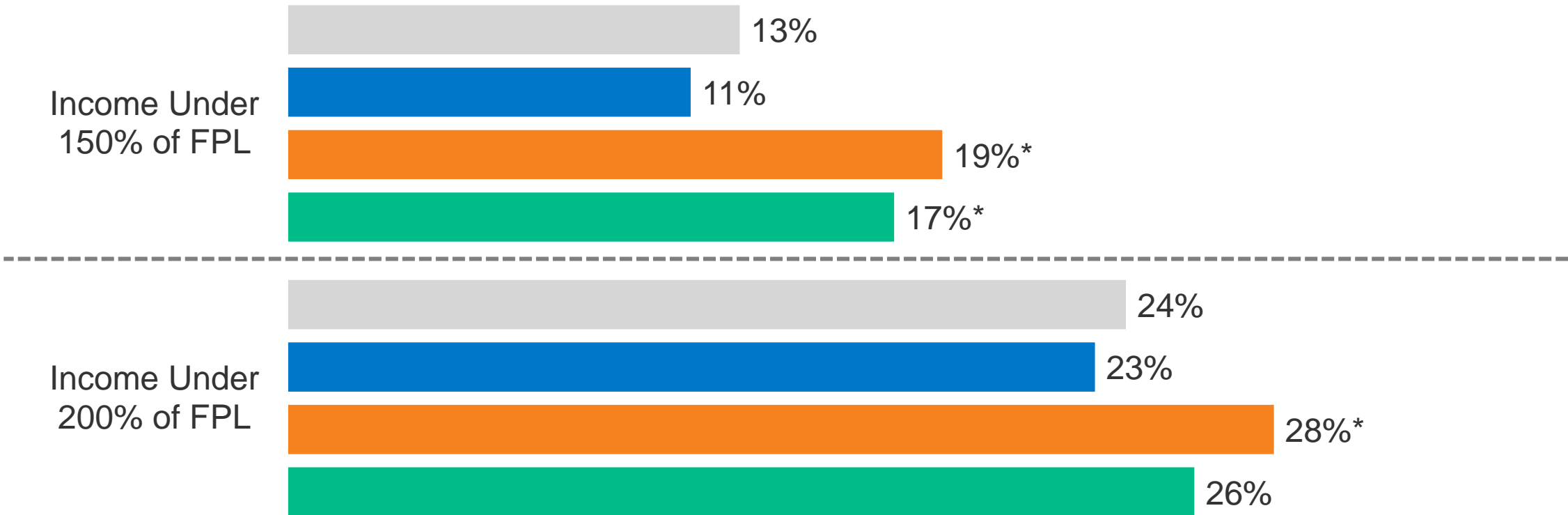
SOURCE: KFF summary of information from MACPAC and MedPAC, "Beneficiaries Dually Eligible for Medicare and Medicaid," February 2022; National Council on Aging Medicare Savings Programs Eligibility and Coverage, 2022.

Figure 7

One in Four Black and Hispanic Medicare Beneficiaries With Incomes Below 200% Poverty Do Not Receive Premium or Cost-Sharing Assistance

Share of Low-Income Medicare Beneficiaries Without Medicaid, 2019:

Overall White Black Hispanic



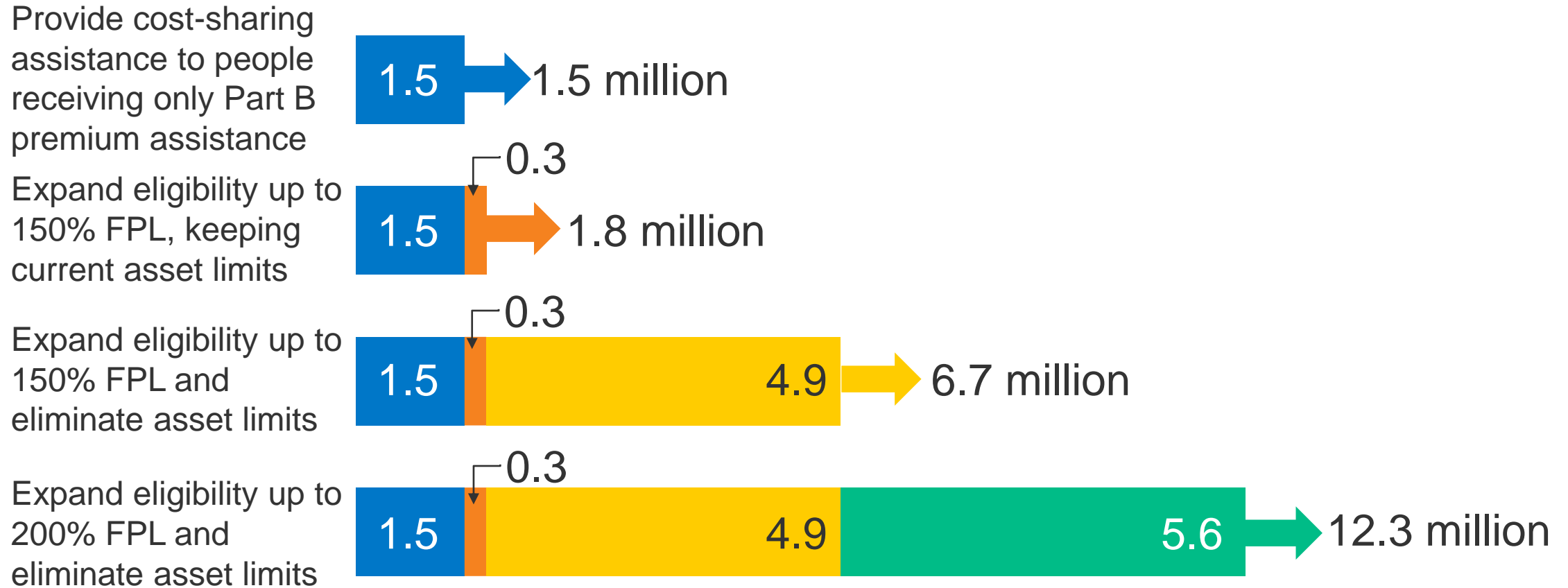
NOTE: *denotes statistically significant difference at the 95% confidence level from White beneficiaries. Persons of Hispanic origin may be of any race but are categorized as Hispanic; other groups are non-Hispanic.

SOURCE: KFF analysis of the Medicare Current Beneficiary Survey, 2019.

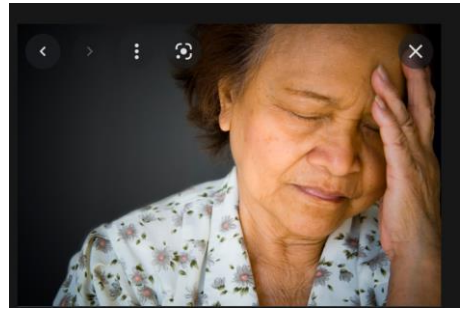


Figure 8

Expanding Financial Assistance through the Medicare Savings Programs Could Help Between 1.5 - 12.3 Million Medicare Beneficiaries



SOURCE: KFF analysis of the Medicare Current Beneficiary Survey (MCBS) 2017; Medicare Chronic Conditions Data Warehouse (CCW) data from 20% of beneficiaries, 2017; Urban Institute DYNASIM4 microsimulation model, using data for 2017.



Why it Matters: A Story Close to Home

- Meet Suzie. A friend's 80-year-old mom. She signed up late for Medicare at age 75. Due to language barriers and an unstable living situation, she was not getting mail. She didn't have Medicare or Social Security on her radar. She was required to pay a premium penalty
- Suzie's Social Security benefit is \$818/month. After deducting the premium (\$170/month) and penalty (\$170/month), her Social Security income drops to \$478/month - well below the federal poverty level.
- Suzie did not qualify for Medicaid or the Medicare Savings Program in California because she had \$25,000 in savings from income earned as a night-shift baker
- Due to the recent change in California law, Suzie now qualifies for full Medicaid benefits, including Medicare premium and cost sharing, since assets are below the current level allowed (\$130,000; no asset test starting in 2024).
- As a result, she will no longer have to pay Medicare premiums or the late enrollment penalty
- If her income was above 138% poverty (her income is below that level) she would not be eligible for Medicare premium and cost-sharing assistance in CA.

Federal/State Policy Options

- **Expand eligibility for the Medicare Savings Programs**
 - Broaden eligibility for Medicare Savings Programs by lifting income eligibility thresholds (e.g. Connecticut) and/or asset thresholds (e.g. California)
- **Waive the Medicare Part B premium penalty for late enrollment**
 - Waive premium penalty for people with incomes below a certain income level
 - Apply the premium penalty for a shorter period of time (not lifetime)
- **Add an out-of-pocket cap to traditional Medicare (Parts A and B)**
- **Apply ACA affordability standards so Medicare beneficiaries pay no more than 8.5% of their income on Medicare premiums**