

Did You Know?

Medicare Savings Programs Can Pay for Part B Premiums and, in Some Cases, Deductibles and Co-Payments

MSPs Can Leverage Funding for DME and Eligibility for Medicare Part D's Full Low-Income Subsidy Program

A Social Security Disability Insurance (SSDI) beneficiary qualifies for Medicare after 24 months of eligibility. He or she will qualify automatically for Medicare Part A, known as hospital insurance benefits. This covers such things as inpatient care and skilled nursing facility care. Medicare Part B, supplemental medical insurance, is optional and requires payment of a monthly premium. It covers community-based services, including physician services, durable medical equipment (DME), prosthetic devices, and home health services. Medicare Part D, the prescription drug benefit, is also optional and could require substantial out-of-pocket expenses for monthly premiums, co-payments, full payments during the coverage gap (donut hole) period, and deductibles.

Medicare beneficiaries can incur substantial costs related to Part B coverage. Most beneficiaries who were eligible for Medicare in 2009 are responsible for a Part B premium of \$96.40 per month, while those first eligible in 2010 will have a \$110.50 premium and those first eligible in 2011 will have a \$115.40 premium. They will also face a 20 percent copayment when Medicare funding is approved for DME.

Medicare Savings Programs (MSPs), administered through a state's Medicaid program, can eliminate some or all of those costs. There are three different MSPs (income and asset limits generally adjusted each year in April):

- **Qualified Medicare Beneficiaries (QMB):** This is available to those with monthly countable income at or below 100 percent of the federal poverty level (in 2010, \$903 for an individual and \$1,215 for an eligible couple). This is the most generous of the three MSPs, covering Part B premiums, Part A premiums (in the rare event there are any), copayments and deductibles.
- **Specified Low-Income Medicare Beneficiaries (SLMB):** This is available for those with income between 100 and 120 percent of the federal poverty level (in 2010, \$1,083 for an individual and \$1,457 for an eligible couple). This will pay the cost of Part B premiums only.
- **Qualified Individual (QI-1):** This is available for those with incomes between 120 and 135 percent of the federal poverty level (in 2010, \$1,219 for an individual and \$1,650 for an eligible couple). Like SLMB, this will pay for the Part B premium only but the individual cannot be otherwise eligible for Medicaid. Since QI-1 is based on an expansion of the SLMB program, it is subject to limited fund allocations and will not be available after a state's annual funds run out.

States are permitted but not required to have an assets test for MSP eligibility. For example, New York eliminated asset tests in 2008 and Connecticut did so in 2010. If the state has an asset test, it is based on the Part D low-income subsidy criteria: \$6,600 for an individual/\$9,910 for an eligible couple in 2010. States are permitted to create higher asset limits (e.g., Minnesota allows \$10,000 for individuals and \$18,000 for couples). State-by-state MSP eligibility comparisons are available on the Kaiser Family Foundation website at <http://www.statehealthfacts.org/comparereport.jsp?rep=61&cat=6>.

In determining countable income and assets for MSP eligibility, states must follow all of the income exclusions that apply in the SSI program. 42 USC 1396d(p)(1)(B) (requiring that income determinations in the QMB program, and by extension the other MSP programs, be made using SSI rules) and 1396d(p)(1)(C) (requiring that asset determinations, for states with an asset test, be made using SSI rules); see also Social Security Program Operations Manual System (POMS) HI 00815.023 B (SSI earned income exclusions apply). These income exclusions include: the \$20 general income disregard, the student earned income exclusion, the first \$65 of monthly wages, impairment-related work expenses, 50 percent of remaining wages, and blind work expenses.

DME Copayments: Since the QMB program will pay deductibles and copayments in addition to the Part B premium, this could cover a significant part of expensive DME. For example, if Medicare funding is available for a \$10,000 power wheelchair, Part B would pay 80 percent (\$8,000) and the beneficiary would pay 20 percent (\$2,000). Similarly, if Medicare funding is available for a \$6,000 speech generating device, the beneficiary would pay 20 percent (\$1,200). If the individual is QMB eligible, the additional \$2,000 or \$1,200 would be picked up by the Medicare Savings Plan.

Part D Low-Income Subsidy Eligibility. MSP eligibility is considered Medicaid eligibility for purposes of the low-income subsidy, making the individual ~~qualify~~ ^{automatically eligible} (i.e., eligible for both Medicaid and Medicare). This makes the individual automatically eligible for the full low-income subsidy program, covering the full monthly Part D premium (in most cases), deductibles, eliminating payments during the donut hole period, and drastically limiting drug copayments. This could save the beneficiary \$6,000 or more per year in some cases.

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