

Executive Summary

The passage of the Medicare Modernization Act (MMA) was the largest expansion of the Medicare program since its inception in 1965 and over 90 percent of Medicare beneficiaries now have prescription drug coverage due to unprecedented efforts by the public and private sectors. However, millions of those in greatest need have still not signed up for the Low-Income Subsidy (LIS or Extra Help) program, which provides generous financial assistance to beneficiaries with limited income and resources, including coverage through the “donut hole.” HHS has estimated that at least 75% of the Medicare beneficiaries still without any prescription drug coverage are eligible for the Low-Income Subsidy.¹

The challenge of finding and enrolling people with limited means in needs-based programs is not new. After forty years, take-up rates remain low for many federal means-tested benefits. As a result of unprecedented efforts by the public, non-profit and private sectors in the first year of the program, NCOA estimates that 35% to 42% of beneficiaries who could have successfully applied for the LIS in 2006 are actually receiving it. While the LIS take-up rate so far is on a par with historic enrollment rates in other federal, needs-based programs (especially after the first year of effort), there are signs that overall enrollment rates are slowing. We estimate that there are between 3.4 and 4.4 million beneficiaries that we still need to find and sign up for the program in 2007.²

These are people who would benefit most from the coverage that Part D and the LIS can offer them. With targeted investments and modest policy changes, significantly higher participation rates can be achieved in 2007.

This paper identifies recommended legislative, administrative, and regulatory reforms that should be made to the LIS to improve access to the program for seniors and people with disabilities with limited means.³ Some of the key legislative reforms recommended include: (1) eliminating the asset test, as it is the single-most significant barrier to Part D LIS eligibility; (2) enacting legislation to make the LIS Special Enrollment Period (SEP) permanent and eliminate the late enrollment premium penalty for this population; and (3) establishing and funding a dedicated, nationwide network of enrollment centers through the new National Center on Senior Benefits Outreach and Enrollment in order to find and enroll remaining LIS eligibles.

There are also significant administrative and regulatory reforms recommended in this paper. Some of the reforms include having the Social Security Administration (SSA): (1) designate at least one dedicated worker in each field office who is assigned specifically to process LIS applications where practical; (2) amend the LIS application to allow applicants to designate a third party to assist them through the LIS application process and interact with SSA on their behalf; and (3) maintain a link from the online LIS application to a webpage that provides seniors and people with disabilities—as well as their family members, friends, or advocates—with state-specific information on other public benefits for which they may be eligible.

In addition to implementing reforms to the Part D LIS program, Prescription Drug Plans (PDPs) and Medicare Advantage-Prescription Drug plans (MA-PDs) should be required to screen their member lists

¹ Statement of Michael Leavitt, Secretary of U.S. Department of Health & Human Services, May 2006.

² 3.4 to 4.4 million (depending on whether you use CMS or CBO projections of the total number of beneficiaries who qualify for LIS) includes the 2.9 to 4.0 million we estimate who were qualified for but did not voluntarily sign up for Extra Help in 2006, and approximately 400,000 people who had been automatically receiving LIS in 2006 on account of their participation in Medicaid or a Medicare Savings Program (MSP), but who lost that deemed eligibility for 2007 and still need to affirmatively apply for the LIS benefit on their own. We are assuming that about 100,000 successfully filed applications with SSA and 100,000 were found to be eligible based on regaining their Medicaid or MSP.

³ These recommendations were developed as a result of conference calls with local Access to Benefits Coalitions (ABCs) around the country over the last year, comments received from community-based organizations, discussions with national advocacy experts, and a survey sent out to ABC members on the LIS enrollment effort.

for individuals who are potentially eligible for the Low-Income Subsidy. We estimate that up to 1.1 million more people in plans could enroll in the LIS if they knew they were eligible for the program and received application assistance.⁴ PDPs and MA-PDs could partner with nonprofit organizations to help screen their members for LIS eligibility.

We commend CMS for its recent decisions to permit low-income beneficiaries to sign up for LIS and enroll in a plan throughout the remainder of 2007 without penalty. This action is necessary, but not sufficient in itself to achieve higher LIS enrollments in

2007. To reach the remaining LIS eligibles, additional investment in proven strategies that work is needed, along with progress on the other recommendations included in this paper.

With the beginning of the second year of this program, the Access to Benefits Coalition and NCOA call on the Administration, foundations, corporations and advocacy groups to renew their commitment to outreach and enrollment efforts and to invest in effective strategies to help seniors and people with disabilities in greatest need to receive the important benefits available to them.

⁴ NCOA estimates the number of beneficiaries in MA-PD and PDP plans who are eligible for and not receiving LIS range from 100,000 to 1.1 million. The range is due to differing estimates from the Congressional Budget Office (14.2 million) and CMS (13.2 million) in terms of the number originally thought to be eligible.