

Fixing The Medicare Affordability Cliff:

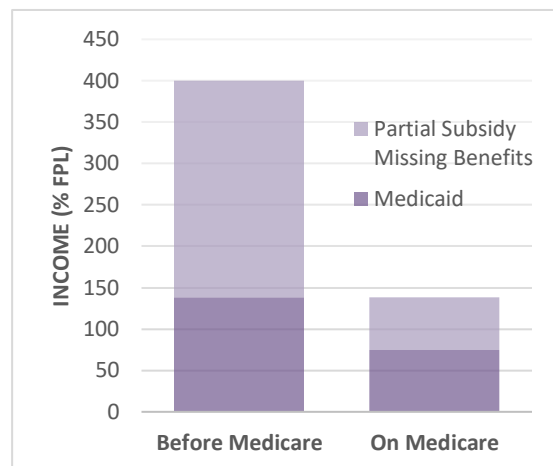
Affordable Health Care for Seniors & People with Disabilities

Many older adults and people with disabilities in Washington State *lose* affordable, comprehensive health coverage when they qualify for Medicare. *It doesn't have to be this way.*

What is the Medicare Affordability Cliff?

Lower-income adults can get free Apple Health or subsidized Exchange plans. But once people become eligible for Medicare, they lose this coverage and must pay *more* for health care, experiencing the “Medicare Affordability Cliff.”

- **Medicare is not free.** It has significant out-of-pocket costs and excludes important services, like dental and vision
- **Help is limited.** Medicare enrollees in Washington get much more limited help with costs and services compared to programs for younger people and people without disabilities
- **Poverty impact.** Half of Medicare enrollees with income under 200% FPL pay 27% or more of their income for health costs. That means people living on less than ~\$2,000 a month are struggling to pay over \$500 a month toward health costs.



Washington Can Fix the Cliff – With Federal Matching Funds

34 other states expanded programs that help Medicare enrollees with health costs. Washington will take a first step in 2023 by removing the asset limit for Medicare Savings Programs.

Our state is now poised to take additional steps to expand Medicare affordability. To achieve coverage parity over the long term, Washington should raise income and resource limits for Classic Medicaid and other programs that help Medicare enrollees.

This session the Legislature can make meaningful progress by **expanding Medicare Savings Programs to provide premium and cost-sharing assistance** to Medicare enrollees up to 138% of federal poverty. This would help an estimated 50,000 or more people at an annual cost to the state of about \$33 million in fiscal year 2023.



Medicare Affordability: Frequently Asked Questions

Who is on Medicare?

Medicare begins at age 65, or earlier for people who get Social Security for two years due to disability or blindness.

What out-of-pocket costs do Medicare enrollees face?

Medicare enrollees face significant health costs, with few effective caps on out-of-pocket costs. In 2023:

| | |
|-----------------------------|---|
| Hospital (Part A) | \$1,600 annual deductible \$400/day coinsurance for days 61-90, then \$800/day Premiums as high as \$506 for those without 40 work quarters |
| Medical (Part B) | \$164.90 monthly premium (or higher, depending on income) \$226 annual deductible, plus 20% coinsurance |
| Drugs (Part D) | Additional premiums and cost-sharing depending on income and plan selected, with a cap on out-of-pocket costs beginning in 2024 |
| Uncovered services | Routine dental, hearing, and vision care, and nonemergency medical transportation, for example |
| Plus... | Premiums and cost-sharing for supplemental coverage (Medicare Advantage or Medigap) Late enrollment penalties |

Medicare Advantage plans may help with some services and benefits, but they have tradeoffs for access to providers and services, are not available in every county, and can still result in high out-of-pocket costs for people with high health needs. Medigap helps with cost-sharing but requires additional premiums.

Isn't Medicare a federal program? Will Congress fix Medicare affordability?

Congress gives states the option to expand wrap-around assistance for Medicare with federal matching funds, and most states have done so. Medicare was created in the 1960s and has rarely been updated. Although Congress expanded other health programs under the Affordable Care Act, Congress did little to update Medicare. The prescription drug provisions of the Inflation Reduction Act did include a cap on Part D out-of-pocket drug costs. If Congress takes further action on Medicare benefits, this would lower state costs to address remaining gaps.

What programs in Washington State help with Medicare costs today?

Washington uses the minimum program levels allowed by federal law for Classic Medicaid and Medicare Savings Programs. Washingtonians on Medicare get help to pay health care costs only if they have extremely limited income and low lifetime assets. Younger adults without disabilities get help with much higher income and no asset limit.

| Medicare Wrap Program | What It Covers | Max. Income (single person, 2022) | Max. Assets |
|---|--|---|-------------|
| Classic Medicaid (aged, blind, disabled) | Medicare premiums and cost-sharing Benefits not covered by Medicare | ~75% FPL or spend down (\$10,332/yr) | \$2,000 |
| Medicare Savings Program (QMB) | Medicare premiums and <i>most</i> cost-sharing | 100% FPL (\$13,836/yr) | N/A |
| Medicare Savings Program (Other) | Medicare premiums and <i>some</i> Rx cost-sharing | 135% FP (\$18,588/yr) | N/A |

What steps could Washington take to make Medicare more affordable?

NoHLA's [report](#) describes several steps to make Medicare more affordable for Washington residents, and a new report from the Research and Data Analysis Division at the Department of Social and Health Services expands on the costs and equity impacts of these options. Examples include raising the income limits for Classic Medicaid or Medicare Savings Programs and raising or eliminating the asset limit for Medicaid.