

The “Medicare Cliff”: How Washington State is Failing Seniors and People with Disabilities



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Medicare and Equity Issues: Costs and Poverty, gender, race/ethnicity

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Half of Medicare enrollees with income up to 200% FPL spent **27% or more of their income on healthcare.**

(AARP 2020, 2017 data)



Women and people in racial or ethnic minority groups are disproportionately affected, because they are disproportionately low-income.

(KFF 2018, 2017 data)

Example #1: “Martha”

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Income: \$1,187/month
(\$14,244/year) in Social Security
(~111% FPL)

Resources: \$10,000 in life savings, mostly IRA

Health Needs: Diabetes, severe arthritis



**Age 64
Before Medicare**

**Age 65
Medicare begins**

**Health
program**

ACA Medicaid

No a/b/d Medicaid

No Medicare Savings Program

Gets *partial LIS* (Rx cost cut)

Costs

\$0/mo. cost

\$320/mo. costs (27% income)

Coverage

Broad coverage

Uncovered services

No cost cap

**Income
left**

\$1,187/mo.

\$867/mo.

Case Study #2: “Jorge”

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Income: \$1,675/month
(\$20,100/year) in Social Security
(156% FPL)

Resources: \$12,000 in life savings, mostly IRA

Health Needs: COPD, cardiovascular disease,
mobility impairment, hearing loss



Age 64
Before Medicare

Age 65
Medicare begins

Health Program

ACA subsidies for Qualified Health Plan

+ COVID-relief extra premium subsidy

No QHP, no ACA subsidy

No a/b/d program
(No Medicaid, MSP, or LIS)

Costs

\$194/mo. (12% income)

\$452/mo. (27% income)

Coverage

Uncovered services
Cost cap

Uncovered services
No cost cap

Income left

\$1,481/mo.

\$1,223/mo.

Medicare isn't "free" – for example...

PART A Hospital:

- No premium (if enough work quarters; if not, to \$471/mo.)
- Annual Part A deductible: \$1484
- Co-insurance: Days 61-90 \$371, days 91+ \$742

PART B Medical:

- Part B Premium ~\$148.50/month
- Annual Part B deductible: \$203
- PLUS 20% cost-sharing OR purchase additional coverage:
Medigap (premiums \$169-288/mo.) or
Medicare Advantage (cost-sharing with out-of-pocket
max. ~\$7550/yr. (or 11,300 for in+out of network)

Part D Rx:

- Premiums, copays, coinsurance, 25% in "gap," formulary lts.
- LIS program only way to cap out-of-pocket costs.
- Only people in Medicaid LTC programs pay \$0.

What Medicaid and Medicare Savings Programs can add to Medicare

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Affordability:

- Pay Part B premiums
- Add “LIS” coverage, reducing Prescription meds costs

But only Medicaid and MSP-QMB:

- “Cover” 20% cost-sharing + deductible

What ONLY Medicaid (NOT Medicare Savings Programs) can add to Medicare

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Additional services coverage

Medicaid (in WA) adds to Medicare:



- Routine dental care
- Hearing aids
- Routine vision exams
- Medical transportation (non-emergency)
- Personal care services (LTSS in home/ALFs)
- Behavioral health, home health, medical equipment (broader access than Medicare)



Extra Help Program Income and Asset Limits 2021

If you have Medicare only

Income limit	Asset limit	Program	Copayments
Below \$1,630 (\$2,198 for couples) per month ¹ <ul style="list-style-type: none"> • And your income and/or assets are above Full Extra Help limits 	Up to \$14,790 (\$29,520 for couples) ² <ul style="list-style-type: none"> • And your income and/or assets are above Full Extra Help limits 	Partial Extra Help Premium depends on your income \$92 deductible or the plan's standard deductible, whichever is cheaper	15% coinsurance or the plan copay, whichever is less After \$6,550 in out-of-pocket drug costs, you pay \$3.70/generic and \$9.20/brand-name or 5% of the drug cost, whichever is greater
Up to \$1,469 (\$1,980 for couples) per month ¹	Up to \$9,470 (\$14,960 for couples) ²	Full Extra Help \$0 premium and deductible ³	\$3.70 generic copay \$9.20 brand-name copay No copay after \$6,550 in out-of-pocket drug costs

If you have Medicare and Medicaid and/or a Medicare Savings Program

Enrolled in	Income limit	Program	Copayments
Medicaid and/or a Medicare Savings Program	Above \$1,093 (\$1,472 for couples) per month ¹	Full Extra Help \$0 premium and deductible ³	\$3.70 generic copay \$9.20 brand-name copay No copay after \$6,550 in out-of-pocket drug costs
Medicaid	Up to \$1,093 (\$1,472 for couples) per month ¹	Full Extra Help \$0 premium and deductible ³	\$1.30 generic copay \$4.00 brand-name copay No copay after \$6,550 in out-of-pocket drug costs

Note: Income and asset limits on this chart are rounded to the nearest whole dollar. There's also a \$20 income disregard (factored into the income limits above) that the Social Security Administration automatically subtracts from your monthly unearned income.

¹Income limits are based on the Federal Poverty Level (FPL), which changes every year in February or March. Limits are higher for each additional relative living with you for whom you are responsible.

²Asset limits include \$1,500 per person for burial expenses.

³You pay no premium if you have Full Extra Help and a basic Part D drug plan with a premium at or below the Extra Help premium limit for your area.

Income Limits for health cost assistance for single person in Washington State

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Income	% FPL	Person with Medicare
\$ 814*	~75%	Medicaid (for people with Medicare)
\$1094*	100%	QMB premium + cost-sharing coverage
\$1469*	135%	MSP premium-only coverage
		Person without Medicare
\$1482	138%	ACA Medicaid program
\$2658	250%	ACA -QHP prem. + cost-sharing subsidies
\$4253	400%	ACA -QHP premium-only subsidies**

**No income limit- pay 8.5% of income for QHP premiums 2021-22 under COVID-relief bill, ARP Act of 2021.

2021 Elder Economic Security Index – WA

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Expenses/mo.	Owner, with Mtg	Renter	Owner, no Mtg
Housing	1652	1111	601
Food	272	272	272
Transportation	215	215	215
Miscellaneous	308	308	308
Health care (for “poor” health)*	648	648	648

*Healthcare cost/mo. for single in “good” health is \$454; in “excellent” health, \$366.

2021 Elder Economic Security Standards – WA

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Expenses/mo.	Owner with Mtg	Renter	Owner, no Mtg
Total in WA State	3095	2554	2044
Total in King County	3560	3049	2239
Total in Snohomish County	3212	3025	2094

How Washington State could help lower-income people on Medicare

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Federal law lets states expand Medicaid and Medicare Savings Programs by raising income and resource limits. Federal funding shares the cost.

34 states have expanded eligibility in some way.

Washington has taken no action.



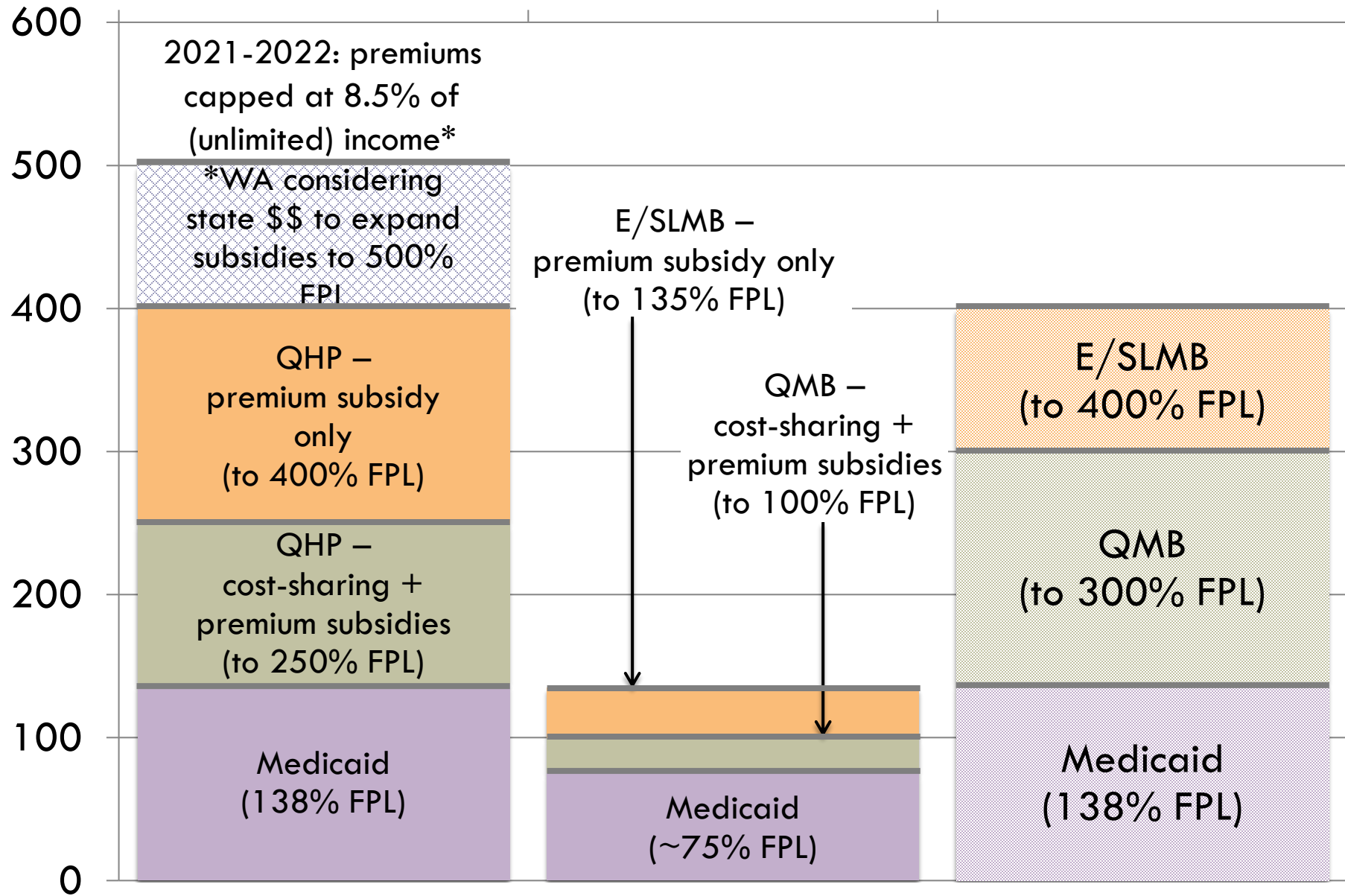
Older adults and people with disabilities living in Washington deserve better.

% Federal Poverty Level (FPL)

Current help for people NOT on Medicare

Current help for people ON Medicare

OPTIONS for help (people on Medicare)



OPTION to eliminate resource limits for people on Medicare

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People NOT on Medicare

- NO resource limit for Adult Medicaid
- NO resource limit for QHP insurance subsidies



People ON Medicare

Restrictive Resource limits for assistance programs (A/B/D Medicaid, MSPs, LIS for Rx)

ANY resource limit level is a barrier

- Requires applicants to prove resource values
- Adds cost to state's eligibility processing

Costs to expand assistance for people with Medicare? Categories, no amounts

Cost to WA to expand Medicaid eligibility:

- 1/2 Part B premium cost (\$74.25/mo.)
- Cost sharing for Medicare-covered expenses: Rarely, some payment; usually – a provider write-off and no bill to client.
- 50% cost of services covered by WA Medicaid but not covered by Medicare (dental, vision, etc.)

Cost to WA to expand QMB or other MSPs:

- 1/2 Part B premium cost, except 0% for ESLMB (QI-1)
- QMB: Cost-sharing for Medicare-covered expenses, but rarely. Usually this is “covered” by a provider write-off and no bill to patient.

SOME OPTIONS for Medicaid for people with Medicare (aged, blind, disabled)

	INCOME limits	RESOURCE limits
Washington State Program	<ul style="list-style-type: none"> • \$814/month, ~75% FPL • Same as for the SSI cash assistance program 	<ul style="list-style-type: none"> • \$2,000 single/ \$3,000 couple) • Same as for the SSI cash assistance program • No change since 1989
Other States	<p>24 states + DC: 100% FPL or higher (2018 KFF survey)</p> <p>California uses: 138% FPL (as of 2020)</p>	<p>10 states + DC: Higher than SSI cash level (2018 KFF survey)</p> <p>Arizona: No resource limit for non-institutional Medicaid program</p>

SOME OPTIONS for “QMB” Medicare Savings Program (covers cost-sharing + premiums)

	INCOME limit	RESOURCE Limit
QMB in Washington	<ul style="list-style-type: none"> • \$1094/month • 100% FPL • Federal minimum 	<ul style="list-style-type: none"> • \$7970 single/ \$11,960 couple (+ up to \$1500/ea. burial \$\$) • Federal minimum
QMB in other states	<p>6 states + D.C.: Higher than 100% FPL (2018 KFF survey; NCOA)</p> <p>Washington, D.C. uses: 300% FPL</p>	<p>10 states + D.C.: No resource limit (NCOA)</p> <p>4 more states increased limits above federal min. (KFF; NCOA)</p> <p>Maine uses: \$58,000/single \$87,000/couple</p>

Other states have recently taken action to address the Cliff: Massachusetts Example

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HEALTH CARE / OPINION

40,000 Mass. seniors badly need health care help

Proposed legislation would close coverage



“We must speak up for what we need and what we deserve, because we all should be able to age with dignity.”

— Massachusetts Senior Action Council member Sarah Blakeney, age 92

State expands Medicare savings for seniors

Plan reduces Medicare costs

By Christian M. Wade cwade@cnhi.com Aug 13, 2019

Pandemic aid increased disparity

The background of the slide features a collage of US dollar bills, including a \$100 bill with Benjamin Franklin's portrait and a \$20 bill with Andrew Jackson's portrait. The bills are slightly faded and overlaid with the text.

COVID-19 relief programs increased health care affordability assistance for people with QHPs, but not for people with Medicare.

COVID-19 and Adults with Medicare

The pandemic has had a disproportionate impact on:

- Older adults*
- People with complex health conditions**

*84% of COVID deaths in Washington State.

**Most older adults hospitalized for COVID also have underlying health conditions.

Medicare enrollees with highest rates of COVID cases and hospitalizations are people who are:

- Black
- Hispanic
- American Indian/Alaska Native

More Info? Support? Stories?

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Our current Medicare program is not comprehensive or affordable for people with low/moderate income. Washington State could address this.

For our Medicare Cliff Report and materials, click [here](#).

Please [give us feedback](#) if:

- **You or your organization support fixing the Cliff**
- **You know of someone on Medicare who struggles to pay health costs (we'd like to hear these stories)**

To reach NoHLA, contact: ann@nohla.org

Thank You!

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NoHLA's Medicare Cliff project is made possible with support from the Pacific Hospital Preservation and Development Authority (PHPDA).