

Statement of Beatrice Disman
Regional Commissioner of Social Security
New York Region
and
Chair of the Social Security Administration
Medicare Planning
and
Implementation Task Force

Mr. Chairman and Members of the Committee:

Thank you for inviting me to discuss the Social Security Administration's (SSA's) ongoing efforts under the Medicare Prescription Drug Program to sign-up eligible Medicare beneficiaries for the low-income subsidy (LIS) program, or "extra help" as it is commonly called. I am Bea Disman, and I have served for over a decade as Regional Commissioner of the New York Region. I have also spent the past 3 years at the helm of SSA's Medicare Planning and Implementation Task Force. In this role I have seen the truly tireless and dedicated efforts of so many SSA employees, and partners within and outside government, as they have reached out to those individuals who could benefit from the low-income subsidy. It has been a remarkable experience for me, and it is with great pride that I am here to share their story with you.

In the past year, SSA has continued its intensive efforts to locate low-income Medicare beneficiaries, and provide them with an opportunity to apply for this important benefit. We have used targeted mailings, phone calls, computer data matches, community forums, partnerships with State agencies and non-profit organizations, public information fact sheets, word-of-mouth – in short, any and all means at our disposal – to reach those eligible to receive assistance with out-of-pocket costs associated with the new Medicare prescription drug coverage. Today's testimony will describe many of these efforts.

Background

To begin, it may be helpful to recap Social Security's role and responsibilities regarding the new Medicare prescription drug coverage. This provides the context to further describe SSA's activities in getting low-income people the "extra help" intended by Congress.

As you know, the Medicare Modernization Act, or MMA, enacted in December 2003, established the new Medicare prescription drug benefit. The new Medicare prescription drug coverage was designed to allow all people with Medicare an opportunity to voluntarily enroll in prescription drug coverage. MMA also provided an additional level of assistance, or "extra help," for people with Medicare who have limited incomes and resources in helping to pay for the monthly premiums and cost-sharing that are required by the new Medicare prescription drug coverage.

The responsibility for enrolling individuals for the prescription drug coverage is a joint effort between the Department of Health and Human Services (HHS) and private insurance companies, which establish Prescription Drug Plans (PDPs) for that purpose. HHS automatically enrolled individuals who were already eligible for Medicare and full Medicaid benefits in a PDP plan and the subsidy in November 2005. This process was intended to ensure a smooth transition for these "full-benefit dual eligibles" from Medicaid drug coverage to the new Part D, and this population also had opportunities to switch to a different PDP provider than the one in which they were automatically enrolled. Additional low-income beneficiaries who also received Supplemental Security Income (SSI) or participated in certain Medicare Savings Programs (MSPs) were automatically eligible for a subsidy and enrolled into a PDP plan (if they had not already selected a plan) during May 2006.

SSA was given the responsibility by Congress to take "extra help" applications and to make eligibility determinations for individuals who were not automatically eligible. In order to be eligible for "extra help," individuals must have incomes below 150 percent of the poverty level applicable to their corresponding household size. In 2007 this is \$15,315 for an individual and \$20,535 for a couple. Resources must

be less than \$11,710 for single individuals or \$23,410 for a married couple. It should be noted that both the income and resource limits adjust annually, based on the Federal Poverty Guidelines (for income) and the Consumer Price Index (for resources).

Individuals with incomes between 135 percent and 150 percent of poverty are eligible for a subsidy amount based on a sliding scale depending on their resources. Individuals with incomes below 135 percent would be eligible to receive the highest subsidies.

SSA was given these responsibilities because of its network of nearly 1,300 offices with 35,000 employees across the country, and because of its already existing role in administering some parts of the Medicare program. Over the past 70 years, SSA has gained a reputation for helping citizens in the communities where they live, and Congress realized that SSA's presence "on the ground" would be vital in the launch of the Medicare "extra help" program. Also, the low-income subsidy was designed with many similarities to SSI, a means-tested assistance program for low-income aged, blind and disabled individuals, which SSA has administered for more than 30 years.

Development of "Extra Help" Application

Upon passage of MMA, SSA immediately began planning for the implementation of the limited-income subsidy. We recognized from the onset that development of a simplified application for the "extra help" was essential for successful implementation. Thus, our goals were to develop an application that elderly and disabled Medicare beneficiaries, their caregivers, or other third party assistance providers would be able to understand and easily complete and not have to travel to a Social Security field office. SSA also wanted to maximize the use of automation, not only to process these forms efficiently, but also to process them as quickly as possible.

To accomplish these goals, SSA conducted substantial testing of the "extra help" application form. The paper application went through many drafts before being finalized. Social Security, in collaboration with the Centers for Medicare & Medicaid Services (CMS), conducted focus groups with current Medicare beneficiaries to test potential applicants' understanding of the application, conducted special

cognitive testing of the application and had design engineers review the layout of the applications. We also discussed various draft versions of the application with national and local advocacy groups and with State Medicaid Directors, as well as with Congressional staffs.

Our Office of Systems staff contributed to the design of the application as well to make sure that the information on the form could be electronically scanned into our computers, thereby reducing errors and minimizing the number of employees needed to process incoming applications.

Realizing the need to reach our beneficiaries in new ways, SSA worked to develop alternatives to the traditional paper-based application. In July 2005, we unveiled the Internet version of the application located at www.socialsecurity.gov, allowing people to apply online for help with Medicare Prescription Drug Plan costs. The online application has been a tremendous success, receiving one of the highest scores ever given to a public or private sector organization by the American Customer Satisfaction Index (ACSI).

The percentage of “extra help” applications we receive through Internet filing continues to rise. Over the last 4 months, about 20 percent of new applications are Internet filings. This means that, as a percentage of applications received, the online “extra help” application has even exceeded the success of SSA’s online Application for Retirement benefits.

Telephone inquiries were also part of our efforts to make the “extra help” application process as simple as possible. We provided extensive training to assist our teleservice representatives in answering subsidy-related questions. These teleservice representatives can refer callers directly to specialized claims-taking employees who could then take applications by phone. This process allows individuals calling our 1-800 number to immediately file for the “extra help.”

Social Security developed a computer matching process with the Internal Revenue Service (IRS) regarding the validation of certain

income and resource information provided by applicants. This process was designed to reduce one of the barriers often cited as to why individuals do not file for means-testing programs. Using this computer match allowed SSA to build an application process that would not require applicants to submit proof of resources and income, as long as the applicant's statement on the application was in substantial agreement with the computer records.

In summary, although subsidy eligibility determinations are by their very nature complex, we believe that we have created a simple application process, which allows individuals to apply for the "extra help" as quickly and easily as possible, while also taking advantage of current technology.

I would also note that efforts to improve the "extra help" application are ongoing. In recent months, for example, we have added fields to the paper application that allow the applicant to enter the amount of his or her Social Security benefit. Of course SSA already knows this information, and the original application instructions stated that the applicant did not need to supply Social Security benefit amounts. But our analysis of applications received showed that applicants were trying to enter the information anyway, and this was frequently leading to inaccurate application entries and inaccurate eligibility determinations. In another update, for example, we simplified the question about filing as a couple and changed the resource amounts to reflect the 2007 resource limits.

Outreach Efforts

I would now like to turn to the efforts SSA has undertaken to inform beneficiaries about the "extra help" available for prescription drugs. Efforts to educate the public about the new, "extra help" program began almost immediately after passage of MMA, and this outreach continues today. SSA has worked with CMS and other Federal agencies, community based organizations, advocacy groups, and State entities in order to spread the word about the available "extra help."

During the past two years, SSA has held more than 76,000 Medicare outreach events. We were in the communities – in senior citizen

centers, pharmacies, public housing, churches – any place in which we thought senior citizens or the disabled were likely to be found. Targeted application-taking events were held in Social Security offices throughout the country, and personal invitations to these events were mailed to beneficiaries who had not yet applied for the “extra help,” but had been identified as being potentially eligible for the program.

We also continue to work with States that have their own pharmaceutical assistance programs, State Health Insurance Programs, Area Agencies on Aging, local housing authorities, community health clinics, PDPs, and others to identify people with limited income and resources who may be eligible for the “extra help.”

Throughout these efforts, SSA’s goal has been to reach every potentially eligible Medicare beneficiary multiple times, in a variety of ways: for example, by targeted mailings and events, and follow-up phone calls. And while we are confident we have taken appropriate steps to reach out to those who may be eligible for the “extra help,” our outreach efforts are continuing. Because there is no enrollment period for the “extra help,” a Medicare beneficiary can apply at any time. This means there is no inappropriate time to reach out to our lower-income beneficiaries, and there is no wrong time for these individuals to complete an application.

As you know, many estimates have been made as to the size of the eligible population. But whether there are 300 or 3 million people, SSA’s job is the same – find them. Find them where they live, find them in the communities where they work, find them in any way we can. Our message is simple: if you could possibly benefit from this program, SSA will help you apply.

Mailing of Subsidy Applications and Targeted Outreach

To further explain how this outreach philosophy has translated into action, I would now like to describe some of the specific routes SSA has taken to reach our lower-income Medicare beneficiaries.

Although the new Medicare prescription drug coverage did not begin until January 2006, SSA began mailing applications to individuals

who were potentially eligible for “extra help” in May 2005. During the following three months, we mailed almost 19 million applications. Our goal was to have as many potentially eligible limited income Medicare beneficiaries as possible file for the “extra help” before the Medicare prescription drug program started in January 2006.

We also intended to cast the widest net possible in our efforts to reach the public. Thus, we sent the 19 million applications to potentially eligible individuals, even though we knew that not all of this group would meet the income and resource requirements. Social Security was only able to use certain data bases to screen the Medicare population to identify potential eligible individuals who had

income below 150% of the Federal poverty level. This initial effort allowed us to begin making eligibility determinations for the “extra help” as early as July 2005.

Just as important as the initial mailing of applications was follow-up contacts with those individuals who did not return them. We contracted with a vendor to remind individuals of the availability of the “extra help” program and to ask if they needed assistance. Of the 9.1 million people who were called by the vendor, 800,000 asked that we resend applications, and nearly 400,000 requested assistance and were referred to SSA. In addition, 5 million follow-up notices were sent because the vendor could not locate a phone number for the individual (for example, an individual who was displaced by Hurricane Katrina).

We continue to use Agency mailings to inform the public. For example, the cost of living adjustment notice sent in November 2005 and again in November 2006 to over 50 million Social Security beneficiaries, each time, contained information about the new drug program and the availability of “extra help.” In May 2007, our annual notice to individuals potentially eligible for Medicare Savings Programs provided “extra help” information to 5.7 million beneficiaries.

Also, SSA identified approximately 1.5 million disability beneficiaries who received an “extra help” application mailer, but did not file an application. We mailed a special follow-up notice to these

beneficiaries between March 16 and April 11, 2006, explaining to beneficiaries that they may be eligible for the subsidy, and assuring them that this would not have an adverse effect on their disability benefits.

In addition, we personally called over 300,000 beneficiaries, who did not respond to an “extra help” application mailer, but had previously applied for and received the \$600 assistance under the Medicare drug discount card, to offer help in completing the “extra help” application.

Targeted advertising efforts have been coordinated with national organizations, such as AARP, and targeted outreach events have been conducted with state organizations such as the Elderly Pharmaceutical Insurance Coverage (EPIC) program in New York.

In additional efforts to reach specific communities, SSA has undertaken targeted mailings to beneficiaries with representative payees, beneficiaries who speak Spanish, Asian-American and African-American households, and beneficiaries age 79 and older who lived in zip codes with a high percentage of low income households. During the period of June through August, 2006, 2.5 million “extra help” applications were mailed to these individuals.

SSA has also made a special effort to reach and reenroll those “extra help” recipients who have lost “deemed” or automatically eligible status. As I previously described, some individuals received the subsidy automatically, by virtue of Medicaid, SSI or MSP eligibility. In some cases, however, these individuals lose eligibility to these other programs, and thus their deemed status. Working with the CMS, in September 2006, SSA mailed more than 600,000 applications with notices to Medicare beneficiaries who were no longer automatically eligible for “extra help.” To date, more than 230,000 of these people have reapplied. This is in addition to a number of individuals who have regained automatic eligibility through reentitlement to certain State programs. Social Security has just started a pilot to personally call 10,000 of these individuals who have lost their deemed status and have not filed for “extra help.” The results of the pilot will guide

our approach in following up with the rest of this population.

In addition to the many specific outreach activities SSA has performed in the past year, the agency also provides educational outreach to Medicare attainers – those current Social Security beneficiaries who turn 65 or reach the 25th month of their disability. If our records indicate an attainer may potentially be eligible for “extra help,” SSA sends an application. This means between 120,000 – 130,000 beneficiaries receive LIS applications every month. Similarly, many individuals call our 800 number or visit our field offices to conduct traditional Social Security business. We educate these individuals about the “extra help,” and we will take the application if it is appropriate.

Continuing Success

As of mid January 2007, SSA has received applications from almost 6.1 million beneficiaries, of which almost 1 million were unnecessary, because either the applicants were automatically eligible or because they had filed more than one application. We have made over 5.9 million determinations on the eligibility for “extra help” and have now found more than 2.3 million of these individuals eligible.

Generally, SSA continues to receive between 30,000 – 40,000 applications for “extra help” every week – almost 600 thousand since the beginning of the fiscal year. This continued level of interest from beneficiaries – this unexpectedly high amount of applications received more than one year beyond the program’s launch – tells us our outreach campaign is working.

While SSA has no direct role in assisting individuals in either selecting or enrolling in PDPs, we have provided instructions to the field offices on how to make sure those with questions on the new Medicare prescription drug coverage are directed to the resources they need. In some cases this means our employees will simply refer the questioner to 1-800-MEDICARE, or to the beneficiary’s PDP provider, but in other cases it means making a personal call to state coordinators, reprinting and faxing award notices, and even making emergency calls to CMS Regional Offices.

SSA employees across the country are continuing to promote this valuable benefit. Our job is not completed, and we continue to look for more ways to reach those eligible for the “extra help” program.

Conclusion

In conclusion, I want to express my personal thanks, to this Committee for your continuing support for the Agency. As you know, SSA is operating under a continuing resolution, with funding levels significantly below the President’s request. Moreover, the separate funding pool that the Congress authorized under MMA during the prescription drug program’s start-up period no longer exists.

This situation means that “extra help” outreach has to be handled along with all of SSA’s other vital workloads – such as the taking of retirement and disability claims. However, I can tell you from my own experience, that the dedicated employees of SSA will continue to do our very best, not only in administering the low-income subsidy and premium withholding for the Medicare prescription drug program, but also in providing our very important traditional services to the American public.

We look forward to our continued dialogue with organizations, advocacy groups, and of course, this Committee, as we progress with “extra help” program efforts.

Thank you and I will be glad to answer any questions you may have.