



SPECIAL COMMITTEE ON AGING

Chairman Bob Casey

Lowering Medicare Premiums and Prescription Drug Costs Act (S.1844)

Why do we need the Lowering Medicare Premiums and Prescription Drug Costs Act?

Half of all people with Medicare, nearly 30 million seniors and people with disabilities, live on annual [incomes below \\$29,650](#). Almost 15 million, one quarter of the Medicare population, live on [less than \\$17,000 per year](#) and have [less than \\$8,500 in savings](#). Health care costs eat up an increasing share of these limited budgets. On average, a person with Medicare will spend [\\$5,460](#) out-of-pocket for health care and [40 percent](#) of those with incomes below 200 percent of the Federal Poverty Level (FPL, roughly \$24,000 for an individual in 2016) spend more than [20 percent of their income on health care](#). Out-of-pocket costs for prescription drugs represent a sizable share of this spending, accounting for nearly [\\$1 out of every \\$5](#) spent.

To receive assistance with Medicare's out-of-pocket costs, low-income individuals must navigate complex eligibility rules among the Medicare Savings Programs (MSPs), administered by State Medicaid programs, and the Low-Income Subsidy of Medicare Part D, or Extra Help, administered by the federal government. The MSPs provide assistance with Medicare Part A and Medicare Part B premiums and cost-sharing (deductibles, copayments and coinsurance) and include four individual programs, the Qualified Medicare Beneficiary, Specified Low-Income Medicare Beneficiary, Qualifying Individual and Qualified Disabled Working Individuals Programs, each with varying eligibility and coverage depending on the program and the State in which the individual lives. Nearly [9 million](#) low-income seniors and people with disabilities receive financial assistance from one of these programs. Extra Help was established to help low-income seniors and people with disabilities shoulder the cost of premiums and cost-sharing for needed medicines under Medicare Part D. In 2018, more than [12 million](#) people with Medicare were enrolled in the program.

Complex, bureaucratic application processes limit participation in both the MSPs and Extra Help program. Outdated eligibility thresholds have failed to keep pace with protections advanced through the Affordable Care Act (ACA), such as through expansion Medicaid, leaving behind seniors and people with disabilities who are often forced to choose between their health care and other basic needs. People with Medicare deserve access to cost assistance programs that reflect today's financial realities and the modern policies adopted through the ACA, allowing millions more seniors and people with disabilities to benefit from these essential programs.

What would the Lowering Medicare Premiums and Prescription Drug Costs Act do?

The Lowering Medicare Premiums and Prescription Drug Costs Act reimagines financial assistance for Medicare Part A, Part B and Part D and will:

- Create the Medicare Cost Assistance Program or MCAP, a new, streamlined program to provide assistance with Medicare Part A and Part B premiums and cost-sharing for low-income individuals, by merging the Qualified Medicare Beneficiary, Specified Low-Income Medicare Beneficiary and Qualifying Individual programs into one comprehensive assistance program.
 - Simplify administration by moving assistance from State Medicaid agencies to the federal government to facilitate ease of enrollment and cross-eligibility with the Extra Help program.
 - Provide full benefits to all eligible individuals at or below 200 percent FPL (\$25,760 for an individual), including coverage of Medicare Part A and Part B premiums and cost-sharing.
 - Streamline eligibility by eliminating the asset test, assuring in-kind support is not counted towards income limits and assessing income eligibility based on family size.
 - Develop a process for program redeterminations and establish an independent review process for adverse determinations.
- Expand and streamline administration of the Extra Help Program to provide premium and cost-sharing assistance to eligible low-income individuals with Medicare Part D.
 - Eliminate the asset test and provide full benefits, \$0 premium coverage and fixed copayments to seniors and people with disabilities living at or below 200 percent FLP (\$25,760 for an individual).
 - Ensure that all Extra Help recipients receiving Medicaid home and community-based services pay zero copay for prescription drugs.
- Instruct the Commissioner of the Social Security Administration to conduct outreach to educate people with Medicare on the availability of MCAP and Extra Help, and to coordinate with State Health Insurance Assistance Program (SHIP) volunteers.

Cosponsors: Sens. Blumenthal, Stabenow, Sanders, Gillibrand

Supporters: Alliance for Retired Americans, Center for Medicare Advocacy, Justice in Aging, Medicare Rights Center, National Council on Aging

Comparing Current Part D LIS/Extra Help Benefits to the Lowering Medicare Premiums and Prescription Drug Costs Act (Individuals Only):

2021 Part D LIS/Extra Help Benefits:

	What the Beneficiary Pays						
	Income (FPL)*	Assets	Premium	Deductible	Initial Coverage Period	In Coverage Gap	After Coverage Gap
Full Subsidy	Less than or equal to 135%	Up to \$7,970	\$0	\$0	\$1.30 generic \$4.00 brand	\$1.30 generic \$4.00 brand	\$0
Partial Subsidy	Less than or equal to 135%	Up to \$13,290	\$0	\$92	15% coinsurance	15% coinsurance	\$3.70 generic \$9.20 brand
Partial Subsidy	Greater than 135% and less than 150%	Up to \$13,290	Varies by income level	\$92	15% coinsurance	15% coinsurance	\$3.70 generic \$9.20 brand

*In 2021, 135% FPL is equivalent to \$17,388; 150% FPL is equivalent to \$19,320.

Part D LIS/Extra Help Benefits under the Lowering Medicare Premiums and Prescription Drug Costs Act:

	What the Beneficiary Pays						
	Income	Assets	Premium	Deductible	Initial Coverage Period	In Coverage Gap	After Coverage Gap
Full Subsidy	Up to 200%*	No Test	\$0	\$0	\$1.30 generic \$4.00 brand	\$1.30 generic \$4.00 brand	\$0

* In 2021, 200% FPL is equivalent to \$25,760.

Comparing Current Medicare Savings Program Benefits to the Lowering Medicare Premiums and Prescription Drug Costs Act (Individuals Only):

2021 Part A and Part B MSP Benefits:

			What the Program Covers	
	Income (FPL)*	Assets**	Part A Premium and Part B cost-sharing	Part B Premium
QMB	At or below 100%	Up to \$7,970	Yes	Yes
SLMB	Over 100% - 120%	Up to \$7,970	No	Yes
QI	Greater than 120% to 135%	Up to \$7,970	No	Yes

*In 2021, 100% FPL is equivalent to \$12,880; 120% FPL is equivalent to \$15,456; 135% FPL is equivalent to \$17,388.

** Asset limit set by federal government, can vary by [State](#).

Part A and Part B Benefits under the Lowering Medicare Premiums and Prescription Drug Costs Act:

			What the Program Covers	
	Income (FPL)	Assets	Part A Premium and Part B cost-sharing	Part B Premium
MCAP	Up to 200%*	No Test	Yes	Yes

* In 2021, 200% FPL is equivalent to \$25,760.