

Low Income Subsidy and Medicare Savings Programs in Colorado: A Primer

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Medicare provides health care insurance for seniors ages 65 and older or individuals with disabilities. Nearly all Colorado seniors have health insurance because of this federal entitlement program.¹ Still, Medicare's cost-sharing requirements may be contributing to older adults spending 50 percent more in out-of-pocket health care costs than the total population in 2010,² a level that can be challenging on fixed retirement incomes.

Medicare supplement insurance, sold by private

companies, can help pay some of these costs. In addition, Medicare beneficiaries with low incomes may qualify for federal and state programs that cover all or a portion of Medicare premiums, cost-sharing and prescription drug expenses. But these programs - the federal Low Income Subsidy (LIS) and the state Medicare Savings Programs (MSPs) - have varying enrollments. An estimated 81 percent of eligible beneficiaries nationwide receive LIS. Enrollment in MSPs, however, ranges from an estimated 13 percent to 33 percent.³

Low Income Subsidy (LIS)

- **Program:** Reduces or eliminates out-of-pocket expenses for prescription drug coverage under Medicare Part D. Sometimes referred to as "Extra Help." Enrollees typically pay no premium or deductible and only limited cost-sharing. Provides coverage through the "doughnut hole," the temporary gap in Part D plans when the beneficiary is responsible for the full cost of drugs.
- **Eligibility:** Individuals with incomes up to 150 percent of the Federal Poverty Level (FPL) and who meet the resource thresholds. Applications may be made in person, by mail or phone or online.

"Dual eligibles," individuals who receive both Medicare and Medicaid, and individuals receiving MSP benefits are automatically enrolled.

- **Funding:** Administered by the Social Security Administration (SSA) and fully funded by the federal government.
- **Colorado Enrollment:** More than 98,300 in 2010.⁴

Medicare Savings Programs (MSPs)

- **Program:** Covers monthly premiums, deductibles and other out-of-pocket Medicare expenses.
- **Eligibility:** Individuals with incomes up to 135 percent FPL who meet LIS resource limits. Sometimes referred to as "partial duals," they qualify for one of three MSPs providing different benefits, based on income thresholds.
- **Funding:** States administer and fund two of three programs. The federal government funds the third under a block grant to states. Colorado beneficiaries must complete a Medicaid application through their local county departments of human services.
- **Colorado Enrollment:** Average of 18,300 in 2010.⁵

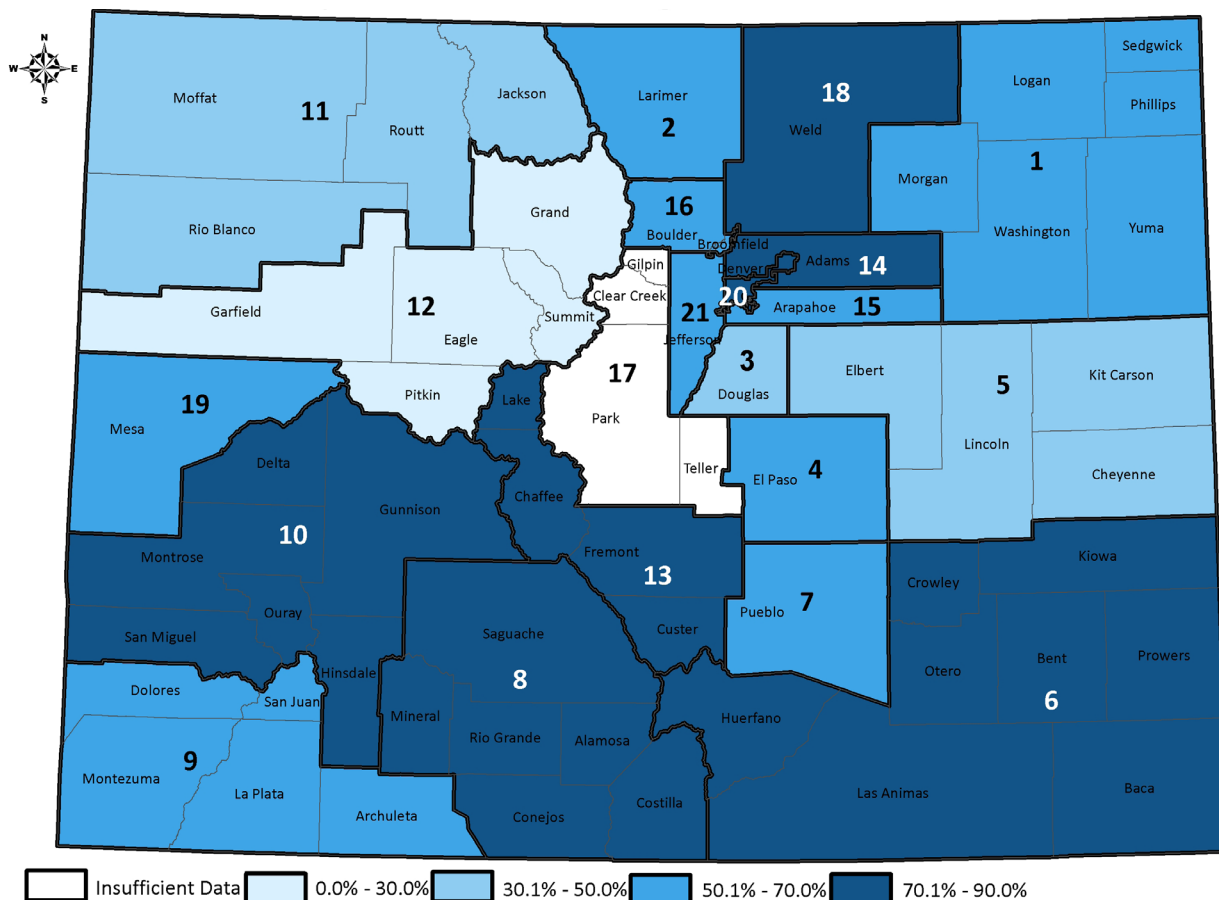
The LIS-MSP Connection

The Medicare Improvements for Patients and Providers Act (MIPPA) passed by Congress in 2008 included provisions intended to promote and streamline enrollment in MSPs. With nearly identical eligibility requirements for LIS and MSP, LIS applicants' information

is sent by the SSA to states to be screened for Medicaid or MSP eligibility. Colorado sends a letter to LIS applicants, notifying them that they may be eligible for MSPs and encouraging them to visit their local county human services office and submit a Medicaid application.

Regional LIS and MSP Enrollment Estimates, 2010

Map 1. Percentage of Eligible Population Enrolled in LIS and MSP Programs, by Health Statistics Region, Colorado, 2010



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An estimated 62 percent of eligible Coloradans are enrolled in LIS and MSPs, with enrollment penetration ranging from one in four in northwest Colorado to nearly 90 percent in the mountain region.⁶

Enrollment variability may be influenced by regional issues, including geographic barriers, transportation for seniors to reach enrollment sites, awareness of programs, the capacity of local county human service departments to process applications and the availability of non-profit organizations to reach out to beneficiaries with

information and enrollment assistance.

With a growing 65+ population in the state and federal efforts to increase Medicare's solvency, programs such as LIS and MSPs may take on increasing importance. Community coalitions are working together, with support from private philanthropic funders and in partnership with county and state agencies, to address barriers to LIS and MSP enrollment. CHI will monitor these efforts in 2013 and share the lessons learned from their work.

Endnotes

¹ Colorado Health Access Survey. 2011. The Affordability of Health Insurance in Colorado. The Colorado Trust.

² Administration on Aging. A Profile of Older Americans: 2011. http://www.aoa.gov/aoaroot/aging_statistics/Profile/2011/14.aspx

³ Dorn, S. Shang, B. 2012. Spurring Enrollment in Medicare Savings Programs Through A Substitute For The Asset Test Focused On Investment Income. *Health Affairs* 31 (2): 367-375.

⁴ Centers for Medicare and Medicaid Services. LIS by State, as of February 2010.

⁵ Colorado Health Institute analysis of 2010 MSP enrollment information from Colorado Department of Health Care Policy and Financing. Estimate is based on calendar year.

⁶ Eligibility estimates are based on analysis of 2010 American Community Survey data. Eligible populations include individuals with family incomes up to 150 percent of Federal Poverty Level and covered by Medicare only or Medicare and some other insurance (excluding Indian Health Service and Veterans Administration coverage). Individuals with incomes between 135-150 percent FPL will not qualify for MSP. Estimates include enrollees that may not qualify for LIS and/or MSP based on assets. Due to these data limitations, the actual percentage of eligible enrollees is higher than estimated.



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303 E. 17th Ave., Suite 930, Denver, CO 80203 • 303.831.4200 coloradohealthinstitute.org