

## **BENEFIT IMPROVEMENTS FOR LOW-INCOME MEDICARE BENEFICIARIES**

**A SIDE-BY-SIDE COMPARISON OF CURRENT LAW AND KEY PROVISIONS OF H.R. 3162,  
THE CHILDREN'S HEALTH AND MEDICARE PROTECTION ACT OF 2007  
(as passed by the U.S. House of Representatives on August 1, 2007)**

**September 2007**

## **SIDE-BY-SIDE COMPARISON OF PROVISIONS FOR LOW-INCOME MEDICARE BENEFICIARIES IN CURRENT LAW AND THE HOUSE-PASSED CHILDREN'S HEALTH AND MEDICARE PROTECTION (CHAMP) ACT**

Current law specifies a number of programs that are designed to provide financial assistance for low-income people with Medicare. The Medicare Savings Programs (QMB, SLMB, QI) assist low-income Medicare beneficiaries up to 135% of poverty with premiums, and in some cases, cost-sharing for health care services.<sup>1,2</sup> The Part D low-income subsidy (LIS) program, established as part of the Medicare drug benefit, helps pay premiums and cost-sharing for beneficiaries up to 150% of poverty who are enrolled in Part D drug plans. Individuals must generally meet income and resource eligibility criteria in order to qualify for both MSP and LIS assistance. Participation rates for both the MSP and LIS programs have been fairly modest.

The Children's Health and Medicare Protection (CHAMP) Act of 2007 (H.R. 3162), passed by the House of Representatives on August 1, 2007, includes nearly \$11 billion over 5 years in benefit improvements for low-income people on Medicare. It would:

- **Increase the resource test for QMB, SLMB, and Part D Low-Income Subsidy assistance.**
  - **QMB and SLMB** -- Raises the resource limit from \$4,000/individual (\$6,000/couple) to \$17,000/individual (\$34,000/couple) beginning in 2009; in subsequent years, the limit would be indexed annually by the Consumer Price Index (CPI). The resource test has not been indexed since 1988 when the QMB program was first established.
  - **Part D LIS** -- Raises the resource limit from \$10,210/individual (\$20,410/couple) in 2007 to \$17,000/individual (\$34,000/couple) beginning in 2009; in subsequent years, the limit would be indexed annually by the CPI.
- **Increase income and resource eligibility levels for the QI program, which provides premium assistance to beneficiaries with incomes between 120 and 135% poverty.**
  - Raises the QI income level from 135 to 150% of poverty beginning in 2008.
  - As with the QMB and SLMB programs, raises the resource limit from \$4,000/individual (\$6,000/couple) to \$17,000/individual (\$34,000/couple) beginning in 2009. It also increases the limit annually by the CPI beginning in 2010.
- **Make permanent the Q1 program, eliminate the federal funding cap, and provide a 100% federal match.**
  - The QI program, first authorized in 1997, is set to expire on September 30, 2007 without Congressional action. This provision would make the program permanent, eliminate the federal funding cap, and provide 100% federal matching payments.

A more detailed description of the low-income provisions of the House-passed CHAMP Act of 2007 follows.

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<sup>1</sup> QMB stands for Qualified Medicare Beneficiary; SLMB stands for Specified Low-income Medicare Beneficiary; QI stands for Qualifying Individual.

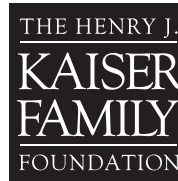
<sup>2</sup> The 2007 federal poverty level is \$10,210/individual and \$13,690/couple.

	Current Law	Children's Health and Medicare Protection Act (CHAMP), H.R. 3162 (passed 08/01/07)
<b>Qualified Medicare Beneficiary (QMB) Program: Medicaid pays Medicare premium and cost-sharing requirements for individuals up to 100% of poverty and limited resources<sup>3</sup> (entitlement)</b>		
<b>Eligibility Requirements</b>	Income: <100% of poverty Resources: \$4,000/individual and \$6,000/couple (Not indexed)	No change to income requirement; Increases resource limit to \$17,000/individual and \$34,000/couple beginning in 2009; indexes the annual limit to the Consumer Price Index (CPI) starting in 2010.
<b>Verification of income and resources</b>	All states must have an income and eligibility verification system, though states vary with regard to their application requirements.	Directs the Secretary of HHS to take all reasonable steps to encourage states to provide for administrative verification of income and resources.
<b>Automatic reenrollment</b>	Eligibility redetermined annually. State redetermination processes vary for different categories of Medicaid eligibility.	Directs the Secretary of HHS to take all reasonable steps to encourage reenrollment without the need for beneficiaries to reapply.
<b>Coordination with Part D LIS application process</b>	Social Security is not required to provide applications or make determinations for QMB/SLMB/QI programs.	Requires the Commissioner of Social Security to provide applications for QMB/SLMB/QI to beneficiaries applying for LIS, and to forward applications to states for eligibility determinations.
<b>Application in multiple languages</b>	No requirement with regard to language.	Requires the Secretary of HHS to translate the model QMB/SLMB/QI application form into at least 10 languages and make them available to the states and Commissioner of Social Security.
<b>Estate Recovery</b>	States have the option to recover from the estates of deceased beneficiaries costs paid to assist with Medicare cost-sharing requirements.	Exempts from estate recovery any Medicaid payments for premiums and cost sharing made on behalf of individuals receiving assistance with such costs beginning in 2008.
<b>Specified Low-Income Medicare Beneficiary (SLMB) Program: Medicaid pays Medicare Part B premiums for individuals with incomes between 100 and 120% of poverty and limited resources (entitlement)</b>		
<b>Eligibility Requirements</b>	Income: 100-120% of poverty Resources: \$4,000/individual and \$6,000/couple (Not indexed)	No change to income requirement; Increases resource limit to \$17,000/individual and \$34,000/couple beginning in 2009; indexes the annual limit to the CPI starting in 2010.
<b>Verification of income and resources</b>	All states must have an income and eligibility verification system, though states vary with regard to their application requirements.	Directs the Secretary of HHS to take all reasonable steps to encourage states to provide for administrative verification of income and resources.
<b>Automatic reenrollment</b>	Eligibility redetermined annually. State redetermination processes vary for different categories of Medicaid eligibility.	Directs the Secretary of HHS to take all reasonable steps to encourage reenrollment without the need for beneficiaries to reapply.
<b>Coordination with Part D LIS application process</b>	Social Security is not required to provide applications or make determinations for QMB/SLMB/QI programs.	Requires the Commissioner of Social Security to provide applications for QMB/SLMB/QI to beneficiaries applying for LIS, and to forward applications to states for eligibility determinations.
<b>Application in multiple languages</b>	No requirement with regard to language.	Requires the Secretary of HHS to translate the model QMB/SLMB/QI application form into at least 10 languages and make them available to the states and Commissioner of Social Security.
<b>Estate Recovery</b>	States have the option to recover from the estates of deceased beneficiaries costs paid to assist with Medicare cost-sharing requirements.	Exempts from estate recovery any Medicaid payments for premiums and cost sharing made on behalf of individuals receiving assistance with such costs beginning in 2008.

<sup>3</sup> States are not required to pay cost-sharing if Medicaid payment rates for a given service are lower than the Medicare payment rate.

	<b>Current Law</b>	<b>Children's Health and Medicare Protection Act (CHAMP), H.R. 3162 (passed 08/01/07)</b>
<b>Qualified Individual (QI) Program: Medicaid pays Medicare Part B premiums for individuals with incomes between 120 and 135% of poverty and limited resources (not an entitlement)</b>		
<b>Eligibility Requirements</b>	Income: 120-135% of poverty Resources: \$4,000/individual and \$6,000/couple (Not indexed)	Expands income eligibility level up to 150% of poverty. Increases resource limit to \$17,000/individual and \$34,000/couple beginning in 2009; indexes the annual limit to the CPI starting in 2010.
<b>Expiration of QI Program</b>	QI is set to expire on September 30, 2007.	Makes the QI program permanent.
<b>Financing of QI Program</b>	100% federally funded, though spending under the QI program is subject to annual limits. Not an entitlement.	Eliminates the federal funding cap for the program.
<b>Verification of income and resources</b>	All states must have an income and eligibility verification system, though states vary with regard to their application requirements.	Directs the Secretary of HHS to take all reasonable steps to encourage states to provide for administrative verification of income and resources.
<b>Automatic reenrollment</b>	Eligibility redetermined annually. State redetermination processes vary for different categories of Medicaid eligibility.	Directs the Secretary of HHS to take all reasonable steps to encourage reenrollment without the need for beneficiaries to reapply.
<b>Coordination with Part D LIS application process</b>	Social Security is not required to provide applications or make determinations for QMB/SLMB/QI programs.	Requires the Commissioner of Social Security to provide applications for QMB/SLMB/QI to persons applying for LIS, and to forward applications to states for eligibility determinations.
<b>Application in multiple languages</b>	No requirement with regard to language.	Requires the Secretary of HHS to translate the model QMB/SLMB/QI application form into at least 10 languages and make them available to the states and Commissioner of Social Security.
<b>Estate Recovery</b>	States have the option to recover from the estates of deceased beneficiaries costs paid to assist with Medicare cost-sharing requirements.	Exempts from estate recovery any Medicaid payments for premiums and cost sharing made on behalf of individuals receiving assistance with such costs beginning in 2008.
<b>Part D Low-Income Subsidy Program: Medicare pays Part D plan premium and cost-sharing requirements for individuals with incomes up to 150% of poverty and limited resources (entitlement)</b>		
<b>Eligibility Requirements</b>	Income: up to 150% of poverty Resources: \$10,210/individual and \$20,410/couple in 2007 (indexed to increase annually by the CPI).	No change to income requirement; Increases resource limit to \$17,000/individual and \$34,000/couple beginning in 2009; indexes the annual limit to the CPI starting in 2010.
<b>Exemptions from income and resources</b>	In-kind support and maintenance is counted toward income in determining LIS eligibility. Pensions, retirement plans, and life insurance are counted in LIS resource determinations.	Exempts in-kind support and maintenance from LIS income determinations; exempts the balance of a pension or retirement plan and the value of life insurance from LIS resource determinations, beginning in 2009.
<b>Cost-sharing protections for LIS-eligible individuals</b>	Low-income subsidy recipients are required to pay nominal cost-sharing, with no cap on out-of-pocket spending.	Caps out-of-pocket spending under Part D to 5% of income annually for low-income subsidy recipients, beginning in 2009.
<b>Part D cost-sharing for non-institutionalized full benefit dual eligibles</b>	Full benefit dual eligible beneficiaries in nursing homes pay no monthly premium, annual deductible, or copayments for medications.	Treats dual eligibles receiving care through a home- and community-based care waiver the same as those in nursing homes with respect to cost-sharing under Part D.

	<b>Current Law</b>	<b>Children's Health and Medicare Protection Act (CHAMP), H.R. 3162 (passed 08/01/07)</b>
<b>Verification of income and resources</b>	Applicants self-certify income and resources, however, they may be required to provide information from financial institutions, as requested, to support information in their applications.	Provides for self-certification of income and resources by low-income subsidy applicants with administrative verification. No requirement for additional documentation except in extraordinary situations as determined by the Commissioner.
<b>Automatic Re-enrollment in low-income subsidy</b>	Redetermination for LIS eligibility is determined annually by the Social Security Administration (SSA). LIS recipients who have a change in circumstance during the year are required to report it to SSA.	Individuals determined to be LIS-eligible would remain so without the need for any annual or periodic application until they notify a Federal or State official of a change in circumstance.
<b>Special enrollment period (SEP) for LIS-eligibles</b>	CMS established a special enrollment period for LIS-eligible individuals in 2006 and 2007.	Makes permanent a special enrollment period for LIS-eligible individuals beginning in 2008, allowing up to 90 days after notification of LIS status to select a Part D plan (PDP or MAPD). Persons deemed LIS eligible who fail to enroll in a plan after 90 days would be assigned to a PDP.
<b>Assignment of low-income beneficiaries to Part D plans</b>	Low-income Medicare beneficiaries who do not sign up for a plan on their own are randomly assigned to a plan in their region that has a premium not exceeding the premium subsidy amount.	Low-income Medicare beneficiaries who are automatically assigned to plans on or after November 15, 2009, would be assigned to plans that (1) cover 95% of the top 100 brand drugs used by Medicare beneficiaries; (2) cover 95% of the top 100 generic drugs most commonly used; (3) provide pharmacy access that exceeds minimum standards; (4) have above average score on quality ratings; and (5) have total costs in the lowest quartile of plans in the state.
<b>Part D late enrollment penalty</b>	Individuals who lack creditable drug coverage for 63 days or longer after the close of their initial Part D enrollment period, and subsequently enroll in a Part D plan, are assessed a late enrollment penalty, equal to 1% for every month they delayed enrollment. CMS waived the late enrollment penalty in 2006 and 2007 for persons determined eligible for low-income subsidies after their initial enrollment period.	Permanently eliminates the Part D late enrollment penalty for low-income subsidy eligible individuals, beginning in 2008.
<b>Data sharing between Social Security and IRS</b>	Social Security is prohibited from using IRS data to identify beneficiaries who are potentially eligible for the LIS.	For two years, allows the Commissioner of Social Security to obtain data from IRS to identify individuals who are potentially eligible for the LIS.



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