

# Medicare and People with Low Incomes

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If, like millions of seniors and people with disabilities, you are living on little income and have few resources (or assets), you may be able to get financial assistance from Medicaid, a Medicare Savings Program, or programs that help with prescription costs. If you qualify, you could receive help with your monthly Medicare premiums and/or Medicare's cost-sharing requirements. You may also qualify for additional Medicaid benefits, such as long-term care. You may also qualify for extra financial assistance with Medicare drug coverage.

Below are some of the basic rules for programs that exist for people on Medicare with low incomes. To get additional information about whether you qualify for full Medicaid benefits or one of the Medicare Savings Programs in your state, contact your state Medicaid program (see [Additional Resources](#)). Another option is to use the online tool provided by the National Council on Aging ([www.benefitscheckup.org](http://www.benefitscheckup.org)).

## Tip

Find out about programs for low-income people on Medicare. It is important to apply even if your income or assets are higher than those listed in this guide. Many low-income people on Medicare are eligible for financial assistance under Medicaid, but they do not apply. There is no penalty or fee to apply, even if you do not qualify for assistance.

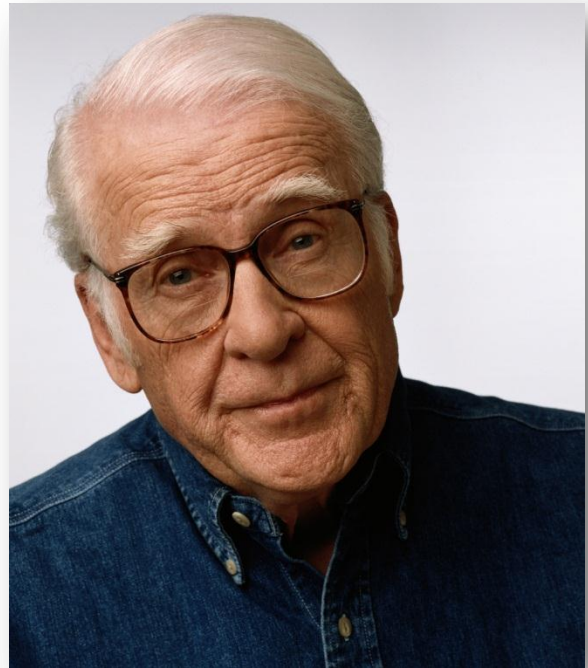
## How Medicaid Helps People with Low Incomes

### Who are the “Dual Eligibles?”

Nine million low-income elderly and disabled people are dually eligible for Medicare and Medicaid. Medicaid is jointly funded by the federal government and the states, and covers medical care for people with low incomes and assets. The Medicaid program varies from state to state. Each state has its own way of determining eligibility for Medicaid depending on people's age, family size, medical condition and financial situation. States typically use income and asset rules from the SSI (Supplemental Security Income) program to assess Medicaid eligibility for people with Medicare. If you receive some form of health care coverage from both Medicare and Medicaid, you fall into the category of a “dual eligible.”

## Qualifying for Medicaid as a Medicare Beneficiary

To qualify for Medicaid, you must have income and assets below a defined level. Most dual eligibles qualify for full Medicaid benefits as well as coverage of Medicare premiums and cost sharing; in most states, this entails having an annual income no greater than \$8,387 for individuals in 2012 (\$12,579 per couple), and assets no greater than \$2,000 for individuals and \$3,000 for couples. However, some states have higher, more generous income and asset limits. For low-income beneficiaries with somewhat higher income or assets, Medicaid will cover their Medicare premiums, and in some instances their cost sharing, through Medicare Savings Programs (MSPs).



## Understanding Your Medicaid Benefits as a Dual Eligible

- **Full Medicaid benefits:** Most dual eligibles qualify for full Medicaid benefits. Medicaid pays after Medicare and may cover benefits that Medicare does not, such as routine dental coverage. Medicare beneficiaries can receive full Medicaid benefits through several pathways.

If you receive cash assistance under the Supplemental Security Income (SSI) program, you are eligible for full Medicaid benefits in most states. To receive SSI, your annual income cannot exceed \$8,387 in 2012 (\$12,579 per couple) and your assets must be no greater than \$2,000 (\$3,000 per couple), although some types of income and assets (such as the value of your home) are not counted. Some states allow people with Medicare to have higher monthly incomes and assets to be eligible for Medicaid.

Medicaid programs also have the option of providing full Medicaid benefits to people with slightly higher incomes, certain nursing home residents, and beneficiaries eligible for home and community based services (HCBS). If you are eligible because you fall into one of these categories, you may still qualify for Medicaid if you have higher income and resources than the SSI program will allow.

- **Medicaid benefits for people with slightly higher incomes:** Many states provide full Medicaid benefits to Medicare beneficiaries with slightly higher incomes than SSI will allow. For more information, contact your state Medicaid program (see [Additional Resources](#)).

- **Medicaid benefits for the medically needy:** Most states also have a medically needy or equivalent program that allows individuals with higher income to qualify for Medicaid benefits if they have high medical expenditures. Your eligibility is computed in these programs by deducting your individual medical costs from your individual income, and thus as a beneficiary, you “spend down” your income to the “medically needy income level.” The eligibility limits for the medically needy programs vary considerably across states, and are permitted to vary within states.



- **Medicaid benefits for people needing nursing home care:** Most Medicaid programs accept nursing home residents who have higher incomes (up to 300 percent of the SSI level) since few Medicare beneficiaries can afford the high cost of nursing homes. In addition, most states let people use nursing home and other health care costs to spend down to medically needy income limits.

Also, all states have Medicaid home and community based services (HCBS) for Medicare beneficiaries who would otherwise need to be treated in nursing homes, hospitals or institutions for the mentally disabled. States are given latitude in designing HCBS financial eligibility requirements, groups of people covered, and types of HCBS programs provided. HCBS programs can cover a variety of long-term care services, including home health care, personal care, respite care, as well as rehabilitative, homemaker and adult day health services.

Many HCBS programs are available only if you need institutional care, but in some cases, states can also offer these services before you need institutional care. HCBS programs differ widely across states. Contact your Medicaid office for specific details on programs in your state.

## Getting Help through a Medicare Savings Program (MSP)

### What are Medicare Savings Programs (MSPs)?

If your income or assets are too high to qualify for full Medicaid benefits, you may be eligible for one of the Medicare Savings Programs (MSPs), which cover Medicare premiums, and in some instances cost-sharing, for Medicare beneficiaries with slightly higher incomes or assets. There are four different Medicare Savings Programs: QMB, SLMB, QI and QDWI. Most people with full Medicaid also qualify for a Medicare Savings Program to help pay their Medicare costs.

The federal government sets minimum income and asset limits, but states can make eligibility rules more generous. The asset limits for QMB, SLMB and QI increase with inflation each year; the limits for QDWI are not indexed, and instead they remain the same from year to year.

### Who is Eligible for an MSP?

- **Qualified Medicare Beneficiaries (QMBs):** As a QMB, you are eligible for assistance with both Medicare premiums and cost sharing, while other MSP beneficiaries receive assistance only with Medicare premiums. The monthly federal income limit for QMBs is \$951 for an individual (\$1,281 for a couple), and the asset limit is \$6,940 for an individual (\$10,410 for a couple) in 2012. For those who qualify, the state will pay Medicare premiums, deductibles and coinsurances.
- **Specified Low-Income Medicare Beneficiaries (SLMBs):** As a SLMB, you are eligible for assistance with Medicare Part B premiums, and must have a monthly income between \$951 and \$1,137 for an individual (\$1,281– \$1,533 for a couple) and assets no more than \$6,940 as an individual (\$10,410 for a couple) in 2012.
- **Qualified Individuals (QIs):** The QI program is a limited expansion of the program for SLMBs, with an entitlement block-grant to the states for the program. Enrollment in the QI program is limited by the federal appropriations, and applications are approved on a first-come-first-served basis. As a QI, you are eligible for assistance with Medicare Part B premiums, and must have a monthly income between \$1,137 and \$1,277 for an individual (\$1,533 - \$1,723 for a couple) and assets no more than \$6,940 for an individual (\$10,410 for a couple) in 2012.
- **Qualified Disabled and Working Individuals (QDWIs):** You may be eligible for assistance with your Medicare Part A premiums through the QDWI program if you are younger than 65 years old, have a disabling impairment, and are no longer entitled to free Medicare Part A because you have successfully returned to work. To receive this Medicaid assistance, your monthly income must be at or below \$3,809 for an individual (\$5,129 for a couple) and assets must be no more than \$4,000 as an individual (\$6,000 for a couple) in 2012.

Additionally, QMBs, SLMBs, and QIs automatically get assistance with their prescription drug costs through the Low-Income Subsidy (LIS) program, which provides assistance with Medicare Part D premiums and cost sharing. LIS is also available for individuals with annual incomes at or below \$16,755 (\$22,695 for couples) and assets no greater than \$13,070 (\$26,120 for couples) in 2012. The asset levels allow for an additional \$1,500 per person for burial expenses.

The income and asset limits for Medicare Savings Programs vary by state. Some states, such as New York, do not count your assets for the Medicare Savings Programs, and some states have much higher income limits. You are not penalized for applying even if it is determined that you do not qualify. To learn more about these programs or to apply, contact your local Medicaid office see [Additional Resources](#).

### Extra Help with Prescription Drug Costs

Medicare provides extra help paying for prescription drug costs for people with limited income and resources. If your annual income is below \$16,755 (\$22,695 for a couple) and you have resources up to \$13,070 (\$26,120 for a couple) in 2012, you may be eligible for assistance through the Extra Help program. Those who qualify get help paying for their drug plan's monthly premium, yearly deductible, and prescription copayments and/or coinsurance. The amount of extra help you get is based on your income and resources (see box titled *Which Resources are Counted for Extra Help?*).

The following descriptions are intended to help you get an idea of whether you may be eligible for Extra Help.

### Who Should Apply for Extra Help?

If you receive full Medicaid benefits, are enrolled in a Medicare Savings Program (MSP) or receive Supplemental Security Income (SSI), you are automatically eligible for Extra Help with your drug costs and do not need to apply separately for Extra Help. You will be automatically enrolled in Extra Help. You will also be automatically enrolled in a Part D plan if you do not already have one and do not choose a plan yourself.

#### Which Resources are Counted for Extra Help?

Resources that are counted\*:

- Stocks, bonds, certificates of deposit, mutual fund shares
- Mortgages, promissory notes
- Checking and savings accounts
- Retirement accounts, 401ks and IRAs
- Property, excluding your primary home

Resources that are not counted:

- Primary home
- Automobile
- Life insurance policies
- Personal belongings such as jewelry or household goods
- Machinery and livestock
- Non-cash business property
- Certain housing assistance
- Victims' compensation payments

\*You are allowed up to \$1,500 per person for funeral and burial expenses.

If you do not have Medicaid, an MSP, or SSI, you may still be eligible for Extra Help if you meet the income and asset limits. However, you will not be automatically enrolled and will have to apply for Extra Help. If you apply and are approved for Extra Help, you will be automatically enrolled in a Part D plan if you do not already have one and do not choose a plan yourself.

### **People on Medicare Who Also Get Help from Medicaid**

If you have both Medicare and Medicaid, your drug benefits are provided by a Medicare prescription drug plan. You will have very low copayments for your prescription drugs. Extra Help will also pay your Part D premium if you are enrolled in a plan with a premium below a certain level, also known as a premium-free or “benchmark” plan. The maximum premium that Extra Help will pay for a Part D plan is called the “benchmark,” an amount which varies by state. If you choose to enroll in a plan that has a premium above this amount, you will be required to pay the difference. You will not be required to pay a deductible.

If you are enrolled in Extra Help, you have the option to choose your own plan, and can switch plans each month. You will always have the option of at least one premium-free plan. During the fall, you will receive a notice if your plan will no longer qualify as a premium-free plan for the following year, in which case you have the option to choose another premium-free plan. If you choose to stay in the same plan, you will need to pay the difference.

If you do not choose a plan yourself, Medicare will enroll you in a premium-free plan, and will automatically notify and reassign you to a new plan if the plan no longer qualifies as a premium-free plan.

If you have Medicaid, you automatically get Extra Help. Your drug costs will be as follows:

- **If you have full Medicaid and your annual income is up to \$11,170 for an individual (\$15,130 for a couple) in 2012**, then you will pay \$1.10 for generic drugs and \$3.30 for brand-name drugs in 2012 that are covered by your plan. After your total drug spending reaches \$6,658, you will not have to pay anything for your prescription drugs.
- **If you have full Medicaid and your monthly income is over \$11,170 for an individual (\$15,130 for a couple) in 2012, or if you do not have full Medicaid but have a Medicare Savings Program or SSI**, you will pay \$2.60 for generic drugs and \$6.50 for brand-name drugs in 2012 that are on your plan’s formulary. After your total drug spending reaches \$6,658, you will not have to pay anything for your prescription drugs.

Regardless of your yearly income, **if you have full Medicaid coverage and are in a nursing home** (such as a skilled nursing facility or intermediate care facility) or you have full Medicaid and receive home and community-based services (HCBS), you will not pay anything for your prescription drugs, as long as your plan covers the drugs you need and the nursing home buys them at a pharmacy that is in the plan's network. If you are in a nursing home, but not on full Medicaid, you will still have to pay a co-pay for your drugs.



### **Other Beneficiaries with Limited Incomes and Resources**

If you are not automatically eligible for Extra Help, but you have limited income and resources, you may still qualify for Extra Help.

Receiving Extra Help is generally a two-step process for people who do not automatically qualify; that is, if you do not have Medicaid, an MSP or SSI. First, you need to complete an application for Extra Help through the Social Security Administration (SSA). Then, you should enroll in a prescription drug plan to begin using the benefit. If you apply and qualify for Extra Help but do not choose a plan yourself, Medicare will enroll you in a plan available to you for zero premium.

Applications for Extra Help are available from your local Social Security or Medicaid office (see [Additional Resources](#) for contact information). You can also submit an application online through SSA's website at [www.ssa.gov](http://www.ssa.gov).

There is no charge for applying, even if you don't qualify. You need to provide information about your income and resources but do not need to provide any documentation confirming that information. If you do not have all of the information available, fill out what you know and mail or submit the application online. Someone from SSA will call you and help you complete the rest of the application over the phone or follow up with any further questions.

If you are approved for Extra Help, the amount of assistance you get depends on your income and assets. You will either get Full Extra Help or Partial Extra Help.

- If your annual income is up to \$15,080 for an individual (\$20,426 for a couple) in 2012 and your assets are up to \$8,440 for an individual (\$13,410 for a couple), you will get **Full Extra Help**. You will pay no deductible or monthly premium as long as you are enrolled in a premium-free (benchmark) plan. You will pay \$2.60 for generic drugs and \$6.50 for brand-name drugs for drugs that are on your plan's formulary. After your total

drug spending reaches \$6,658, you will not have to pay anything for your prescription drugs in 2012.

- If your income and/or assets are too high to qualify for Full Extra Help but your 2012 annual income is below \$16,755 for an individual (\$22,695 for a couple) and your assets are no more than \$13,070 for an individual (\$26,120 for a couple), you will get **Partial Extra Help**. You will pay reduced monthly premiums that will depend on your income and either a \$65 deductible or the plan's standard deductible, whichever is cheaper. You will pay 15% of the costs of your prescription drugs until total drug spending reaches \$6,658, at which point you will pay \$2.60 for generic drugs and \$6.50 for brand-name drugs in 2012.

See box above titled *Which Resources are Counted for Extra Help?*

### **Signing up for a drug plan**

In general, Medicare pays the entire monthly Part D plan premium for people receiving Extra Help, but only up to a certain amount. You should check to see if the premium will be fully paid for the plan you want. If you enroll in a higher premium plan or a plan with enhanced benefits, you will have to pay part of the monthly premium. Enhanced benefits include additional coverage in the coverage gap beyond what the law requires plans to cover.

### **Switching plans**

If you are enrolled in Extra Help, you have the option to choose your own plan, and you can switch plans each month. You will receive a notice during the fall if your plan will no longer be premium-free for you next year. You have the option to stay in your plan next year and pay a premium or to choose a cheaper plan. Medicare will automatically enroll you in a premium-free plan unless you choose one yourself or indicate you wish to keep your current plan.