

Standing Back from the Medicare Cliff:

Research and Policy Options to
Help Low-Income Older Adults



What is the Medicare Cliff?



- Affordable Care Act (ACA) expanded access to Medicaid for low-income adults ages **19 to 64 with incomes up to 138% FPL**
- As these individuals relying on expanded Medicaid become eligible for Medicare, they may lose their Medicaid coverage with its cost-sharing protections, and be unable to afford the higher Medicare premiums, deductibles, and co-payments

Project Overview



- Research team (NCOA, LeadingAge LTSS @UMASS)
- Research question(s) to answer
 - What happens to people facing the Medicare Cliff?
 - What policy reforms can ensure those losing subsidies can continue to afford their health care?
- Also examined Medicare Savings Programs (MSPs) and how MSP changes might alleviate Medicare Cliff challenges

Project Methodology

Literature review



43 articles from peer-reviewed and grey literature

Data analysis



Data analysis (Health and Retirement Study 2012 to 2018)

Storytelling/interviewing



Interviews with seven individuals with lived experience hitting the Medicare Cliff

Key informant interviews



Experts weigh in on policy reforms and financial offsets

Profile: Three Populations of Interest

- People facing loss of Medicaid/Medicare Cliff
- Dual eligibles
- Medicare-only after losing Medicaid

Data Profile: Who is the Medicare Cliff population?

67

Median Age

58%

Female

52%

Just over half non-Hispanic White (52%), with the other half comprised of 27% non-Hispanic

2/3

Married

54%

Retired, with no earned income

2.6

Average chronic conditions

\$35,900

Median household income

Comparison

After people hit the Medicare Cliff, they experience:



Rising out-of-pocket
medical expenses



Declining net worth



Worsening of health

In Their Own Words

Confusing communication

“It was confusing sometimes because they would send one notification out that said one thing and then another one that said another.”

Need help navigating options

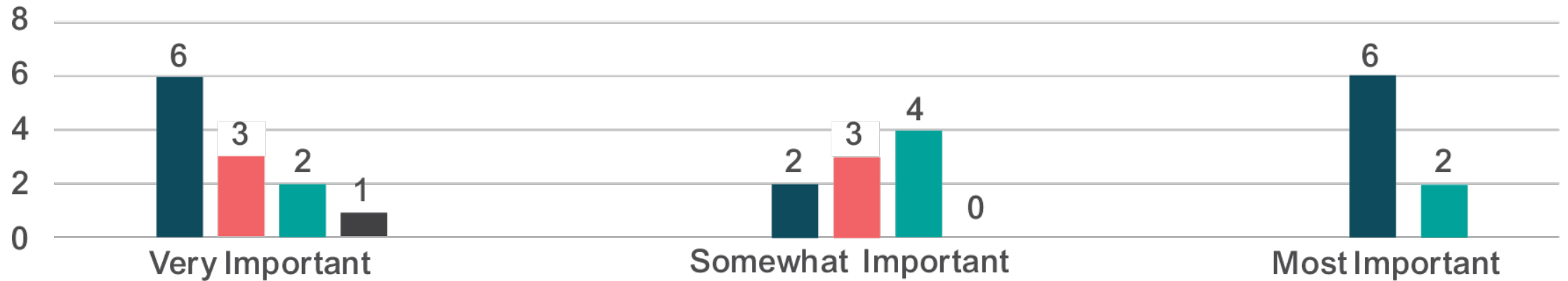
“People need to know where to go for help. It’s hard for people to figure out what kind of help they need and where to go to find [it].”

Financial impact on loss of Medicaid subsidies

“I don’t make a ton of money...\$21,000 a year is not a lot of money. And so, having [Medicaid] go away and all of the things that went with it is just going to make things so tight that I’m not going to be able to do fun things or...do extra things like buy my grandson something...So yeah, it impacts everything, really. I am going to have to squeeze my budget for groceries.”

Highlights from Key Informant Interviews

Important Factors for the Medicare Cliff Experience



- Financial eligibility requirements
- State enrollment and re-certification protocols
- Consumer Outreach, state data and technology
- Other

Policy Reform Impacts and Costs

INTERVENTION	IMPACT*			PROGRAM & ADMINISTRATIVE COSTS		
	LOW	MED	HIGH	LOW	MED	HIGH
Improve education & outreach			X		X	
Strengthen SHIP programs		X		X		
Self-declaration and/or Less Frequent or No Re-certifications		X			X	
Address all administrative burdens mentioned above			X		X	
Auto-enroll LIS eligibles into MSP & align criteria			X			X
Remove asset limit			X			X
Raise asset limit		X				X
Income eligibility at 138% FPL			X			X

*Impact considers improvements in participation rates over current levels, reductions in administrative burdens and complexity both for program operation and applicants, and improvements in access to MSPs for those most financially and functionally in need. Program and administrative costs reflect both the cost from expanded participation and upward or downward changes to administrative costs.

Recommendations

The Medicare Savings Programs (MSPs) help people with limited incomes to afford Medicare. Experts recommend two areas of policy reform for the MSPs that could lessen the impact of the Medicare Cliff.

1. **Improve** consumer outreach and education about Medicare Savings Programs, especially through strengthening counseling offered by State Health Insurance Assistance Programs (SHIPs)
2. **Remove** the MSP asset limits, which while costly, could potentially be paid for by other cost offsets

Next Steps

- **Convene states** with “best practices” regarding consumer outreach and education with those states that are struggling and enabling a transfer of knowledge.
- **Grant funding** to test and develop improved SHIP training, communication pieces, website material, and to identify other best practices that can further enable SHIPs to better counsel this population.
- **Host a working policy forum**, with experts from states, think tanks, advocacy organizations, consumers, and academia to help identify and prioritize policy objectives and policy reforms.
- **Invest in analysis and modeling** to drill down on the policy recommendations coming out of this report, identify the cost implications (both savings to the system and additional costs from increased enrollment), and the sources of revenue to support these policy reforms.