

MEDICARE SAVINGS PROGRAMS

AFFORDABLE HEALTH CARE FOR OLDER ADULTS



MEDICARE VS. MEDICARE SAVINGS PROGRAMS

Medicare is the major health insurer for people 65 and older and for many people with disabilities. More than 330,000 older adults in New Hampshire rely on Medicare. Medicare is **not** free; Medicare recipients pay out-of-pocket costs like premiums, co-payments, and deductibles.

Medicare Savings Programs (MSPs) help low-income individuals by paying for some of the costs not covered by Medicare. MSPs offer real financial help by paying the Medicare Part B premium, which is currently \$185/month, and in some cases paying for annual deductibles and the 20% co-insurance.

THE MEDICARE CLIFF IN NH

Many low-income individuals are automatically ineligible for Medicaid when they become eligible for Medicare. In New Hampshire, this means some people on Medicare experience *higher* health care costs, such as monthly premiums, co-payments, and deductibles. This is known as the Medicare Cliff and it has serious financial implications for older adults and people with disabilities. In fact, 40% of low-income people on Medicare spend at least one fifth of their income on health care. ²

THE FINANCIAL IMPACT ON INDIVIDUALS

High health care costs, including the Medicare Part B premium at \$185/month, can put significant strain on the budgets of individuals with fixed incomes, particularly given the rising costs of housing, transportation, and groceries. Many are forced to pay out-of-pocket Medicare costs despite limited finances. **MSPs provide crucial support, helping people avoid the difficult choice between paying for health care and other essential needs.**

AT A GLANCE



Medicare Recipient Statistics



1 IN 4

people had annual incomes < \$21,000 ¹



1 IN 2

people had annual incomes < \$36,000 ¹



40%

spend at least 1/5 of their income on health care ²

Sources:

1. Cottrill, A., Cubanski, J., Neuman, T., & Smith, K. (2024, February 9). Income and assets of Medicare beneficiaries in 2023 | KFF. KFF. <https://www.kff.org/medicare/issue-brief/income-and-assets-of-medicare-beneficiaries-in-2023/>
2. Roberts, E. T., Glynn, A., Cornelio, N., Donohue, J. M., Gellad, W. F., McWilliams, J. M., & Sabik, L. M. (2021). Medicaid Coverage 'Cliff' Increases Expenses And Decreases Care For Near-Poor Medicare Beneficiaries. *Health Affairs*, 40(4), 552–561. <https://doi.org/10.1377/hlthaff.2020.02272>



SB 122: ENHANCING ELIGIBILITY

SB 122 proposes to enhance eligibility for New Hampshire's Medicare Savings Programs (MSPs) by removing the resource limit. **This would allow more low-income older adults to preserve limited resources for expenses that help them remain living at home.** Allowing older adults to keep resources to pay for property taxes, home or car repairs, or in-home care or respite services is a way to promote home care over more costly nursing facility care.

The financial impact to the state is mitigated through:

- **Federal matching funds:** MSP program costs have a 50-100% federal match.
- **Medicare Low Income Subsidy (LIS):** MSP enrollees automatically qualify for the federally-funded LIS, which reduces Medicaid prescription costs.
- **Operational efficiencies:** DHHS staff would no longer have to process resource documentation or handle terminations due to missing financial information, decreasing administrative costs.
- **Reduced cost of living at home:** Promoting programs that help people stay in the community can reduce the need for more costly long term-care services.

HOW ENHANCING ELIGIBILITY HELPS

By enhancing eligibility for MSPs through the elimination of the resource limit, New Hampshire can ensure that more older adults and people with disabilities have access to health care and can afford to remain in their homes. Expanded eligibility helps in several ways:

- ✓ **Reduces financial burdens:** Older adults and people with disabilities are often on fixed incomes, which means that high health care costs can lead to challenges. Eliminating the MSP resource limit will allow older adults to keep limited savings to pay for other basic needs including home repair, transportation, or in-home care.
- ✓ **Increases affordability of health care:** Without additional financial support, many lower-income adults on Medicare may delay or skip necessary medical care and treatments. Enhancing eligibility for MSPs will give more people the ability to afford the care they need without sacrificing their health or well-being.
- ✓ **Improves the health of our state:** Investing in the health of older adults and people with disabilities benefits everyone. Expanding MSPs means fewer emergency room visits, better management of chronic conditions, and improved overall well-being.

SUPPORT ENHANCED ELIGIBILITY

Enhanced eligibility for MSPs will improve health outcomes, reduce financial burdens, make aging in place more affordable and strengthen the health of New Hampshire communities.

Learn more at new-futures.org/medicare-savings-programs.