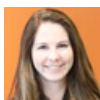


# The Medicare Savings Program Expansion Provision in H.R. 3 Could Provide a Cost Cap for More than 3.5 Million Beneficiaries



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## Takeaway

More than 3.5 million Medicare beneficiaries could have their premiums and out-of-pocket costs capped under legislation from Reps. Andy Kim (D-NJ), Dwight Evans (D-PA), and Lisa Blunt Rochester (D-DE) being considered as part of H.R. 3.<sup>1</sup> This provision would help beneficiaries pay for out-of-pocket costs like a hospital or doctor visit.

Medicare is supposed to be a safety net, but beneficiaries in the program don't have a critical protection: a limit on their out-of-pocket costs. It doesn't have to be this way. After all, Americans under age 65 with coverage through the Affordable Care Act (ACA) exchanges have a cap on their premiums based on their income and an out-of-pocket limit

that protects them from high costs. Deductibles and copayments are also a big problem for seniors and people with disabilities who have Medicare coverage. Average out-of-pocket costs for Medicare beneficiaries were more than \$2,100 in 2016. If you add that cost to a beneficiary's monthly premium, the individual is paying close to \$4,500 a year on health care costs. <sup>2</sup>

A federal program, the Medicare Savings Program (MSP), is supposed to provide financial assistance for premiums and out-of-pocket health costs for low-income Medicare beneficiaries. But it has gaps. For example, the program doesn't provide any assistance with out-of-pocket costs to Medicare beneficiaries who have annual incomes greater than 100% of the federal poverty level (FPL), or \$12,140. <sup>3</sup>

Representatives Kim, Evans, and Blunt Rochester introduced legislation that would address this gap and cap costs for low-income Medicare beneficiaries. <sup>4</sup> Portions of this legislation have been included in the Lower Drug Costs Now Act of 2019 (H.R. 3) as amended for a vote on the House floor. The new provision could cap both out-of-pocket costs and premiums for 3.5 million Medicare beneficiaries who have incomes of less than 150% of FPL, or \$18,210, that pass an asset test.

This would help two groups of beneficiaries. The first group are low-income seniors currently enrolled in the MSP program with incomes between 100% and 135% of FPL, or between \$12,140 and \$16,389. Previously, these beneficiaries were only getting assistance with their Medicare Part B premiums. Under this new provision, at least 1.8 million and up to 2.8 million beneficiaries could now get assistance with premiums and out-of-pocket costs. <sup>5</sup> The second group are the 740,000 seniors who weren't previously eligible. The new provision raises the income eligibility from 135% FPL to 150% FPL. This is a huge financial relief for low-income seniors who no longer need to worry about co-insurance for a hospital stay or a deductible for a doctor's visit. According to our analysis, it could cap costs for more than 3.5 million beneficiaries. <sup>6</sup>

## Number of beneficiaries that could benefit from the Kim-Evans-Blunt Rochester provision in HR 3:

Previously MSP eligible beneficiaries who could have out-of-pocket caps in addition to premium assistance	2,790,500
Newly eligible beneficiaries	739,600
<b>Total number of beneficiaries assisted by the Kim-Evans-Blunt Rochester provision of HR 3</b>	<b>3,530,000</b>

**Bottom line:** The Kim-Evans-Blunt Rochester provision of HR 3 that expands the Medicare Savings Program could provide needed financial protection to more than 3.5 million low-income Medicare beneficiaries.

### ENDNOTES

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