

STRATEGY 5

Reduce the Costs of Health Care Coverage

The North Carolina General Assembly should increase access to health insurance and reduce costs to older adults with lower incomes by:

- a. Using its authority to reduce eligibility requirements for income and assets for the Medicare Savings Programs for lower income adults.
- b. Increasing funding for outreach to inform consumers of opportunities for Medicare Savings Programs and the Part D “Extra Help” benefits for those with limited incomes, particularly in underserved communities and those where distrust of government programs or lack of knowledge about them may be more common.
- c. Supporting outreach to older adults who are newly eligible for Medicaid due to the state’s expansion of Medicaid eligibility.

Desired Result – Older adults most in need will have better access to health care services and decreased health care expenses to help them pay for housing, food, transportation, and other essentials.

Why does the task force recommend this strategy? – While the federal Medicare program covers most adults over age 65, there are still expenses related to maintaining that coverage and accessing care. States set the eligibility rates for programs that reduce the cost of Medicare for lower-income older adults and also determine eligibility and access to the Medicaid program. Helping more older adults access these programs will improve access to health care services, thus improving the health status of lower-income older adults and reducing the amount of money they must spend on those services.

Context – The Medicare Savings Program (MSP) is a program available to older adults with low incomes that helps pay for Medicare premiums, and in some cases cost-sharing for services.⁷⁶ States have authority over the income threshold and asset limits that are used to qualify for MSP benefits. Standard asset limits for partial eligibility (i.e., coverage of Medicare premiums only) are \$8,400 for an individual and \$12,600 for a couple, while limits for full eligibility (i.e., coverage of Medicare premiums and cost-sharing) are \$2,000 for an individual and \$3,000 for a couple.⁷⁶ However, 16 states have chosen to increase or eliminate the assets limit to qualify for MSP benefits, including our Southern neighbors Alabama, Louisiana, and Mississippi, which have eliminated asset limits completely.⁷⁶

Medicare – Federal program for health care coverage available to most people aged 65 and older regardless of income. Recipients must pay premiums for coverage of outpatient care and prescription drugs, as well as cost-sharing for health care services and prescriptions.

Medicaid – State program for health care coverage available for various groups with lower incomes depending on their category of eligibility (e.g., aged 65 and older, disabled, or parent of dependent child).

Monthly costs associated with Medicare that MSP benefits can assist with may include:

- Part B premium for outpatient care – \$164.90 per month
- Part B deductible – \$226
- Physician and mental health services, outpatient therapy, and durable medical equipment – 20% co-pay for all services, no limit
- Part D premium for prescription drugs – \$34.71 per month (basic premium)
- Part D deductible – \$505
- Part D copayments – vary from plan to plan⁷⁶

Consider these costs and the number of older adults living in poverty in our state: 10.2% of North Carolinians aged 65+ live at or below the poverty level and poverty impacts people of color the most (8.3% of White North Carolinians aged 65+ live in poverty, compared to 17.5% Black, 15.7% American Indian, 14.8% Hispanic, and 12.8% Asian).⁷⁷

For the median retiree, out of pocket expenses for health care account for 25% of their Social Security income.⁷⁸ High out of pocket expenses combined with reduced income means that many older Americans limit the use of health care. According to a 2021 Commonwealth Fund survey, in the previous year:

- 7% did not consult/visit a doctor when they had a medical problem because of the cost
- 8% skipped a medical test or treatment because of the cost
- 9% did not fill a prescription or skipped a dose of medication because of the cost.⁷⁹

Despite the challenges low-income older adults experience with health care expenses, many who are eligible for MSP benefits do not participate. Depending on the specific MSP program, as little as 15% of eligible older adults participate.⁸⁰

Another program called Part D Low Income Subsidy (LIS, also called Extra Help) can also help Medicare enrollees with lower income and assets pay for prescription drugs. Half of those eligible for LIS are automatically eligible because they are a recipient of Medicaid, MSP, or Supplemental Security Income, with nearly all (99%) of those who are automatically eligible enrolling.⁸¹ However, only 33% of those who are eligible but not auto-enrolled participate.⁸¹ Enrollment in LIS would automatically increase with increased eligibility and enrollment in MSP. Studies also show that lack of awareness of LIS is the primary reason for not enrolling.⁸¹

Seniors' Health Insurance Information Program (SHIIP)

Older adults can get help from volunteer counselors through their local SHIIP. This program “counsels Medicare beneficiaries and caregivers about Medicare, Medicare supplements, Medicare Advantage, Medicare Part D, and long-term care insurance.”⁸²

How would this impact the health of older adults?



Access to needed health services can help older adults identify and address risk factors for falls.



Maintaining good health will help older adults maintain mobility longer.



Health care providers can help older adults identify issues that may affect their ability to maintain adequate nutrition, such as oral health or side effects from prescription drugs.



Maintaining good physical and mental health will help older adults sustain social connections in the community longer.