COLORADO
Department of Health Care Policy & Financing

Department of Health Care Policy and Financing
1570 Grant Street
Denver, CO 80203

November 1, 2015

The Honorable Kent Lambert, Chair
Joint Budget Committee
200 East 14th Avenue, Third Floor
Denver, CO 80203

Dear Senator Lambert:

Enclosed please find the Department of Health Care Policy and Financing's response to the Joint Budget Committee's Request for Information #12 regarding the Medicare Savings Program.

The Department is requested to submit a report to the Joint Budget Committee, by November 1, 2015, on the performance of the Medicare Savings Program. The report should discuss enrollment trends, obstacles to enrollment, previous and current marketing and outreach efforts, and future implementation strategies. The report should also discuss the effect of the program on health outcomes.

Additionally, the report discusses how the Department has implemented the Medicare Improvements for Patients and Providers Act (MIPPA) requirements to align eligibility of the Medicare Savings Programs with those of the Low-Income Subsidy for Medicare Part D. The report also identifies opportunities that can further align these two programs.

If you require further information or have additional questions, please contact the Department's Legislative Liaison, Zach Lynkiewicz, at Zach.Lynkiewicz@state.co.us or 720-854-9882.

Sincerely,

Susan E. Birch, MBA, BSN, RN
Executive Director

SEB/ems
Enclosure(s): Health Care Policy and Financing FY 2015-16 RFI #12

Cc: Representative Millie Hamner, Vice-chair, Joint Budget Committee
Representative Bob Rankin, Joint Budget Committee
Representative Dave Young, Joint Budget Committee
Senator Kevin Grantham, Joint Budget Committee
Senator Pat Steadman, Joint Budget Committee
John Ziegler, Staff Director, JBC
Eric Kurtz, JBC Analyst
Henry Sobanet, Director, Office of State Planning and Budgeting
Bettina Schneider, Budget Analyst, Office of State Planning and Budgeting
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Dr. Judy Zerzan, Client and Clinical Care Office Director, HCPF
Chris Underwood, Health Information Office Director, HCPF
Jed Ziegenhagen, Community Living Office Director, HCPF
Tom Massey, Policy, Communications, and Administration Office Director, HCPF
Rachel Reiter, External Relations Division Director, HCPF
Zach Lynkiewicz, Legislative Liaison, HCPF

Performance of the Medicare Savings Programs

Introduction

Legislative Request for Information #12 states:

The Department is requested to submit a report to the Joint Budget Committee, by November 1, 2015, on the performance of the Medicare Savings Program. The report should discuss enrollment trends, obstacles to enrollment, previous and current marketing and outreach efforts, and future implementation strategies. The report should also discuss the effect of the program on health outcomes.

Medicare Savings Programs (MSPs) help people with limited income and resources pay for some or all of their Medicare premiums and may also pay their Medicare deductibles and co-insurance. There are four different types of MSPs – Qualified Medicare Beneficiaries (QMB), Specified Low-Income Medicare Beneficiaries (SLMB), Qualified Individuals-1 (QI-1), and Qualified Disabled Working Individuals (QDWI). The QMB program pays for Medicare Part A and B premiums, coinsurances and deductibles and the SLMB and QI-1 programs pay for the Medicare Part B premium. QDWI pays the Medicare Part A premium for individuals who have successfully returned to work but still have a disability and are no longer eligible for Medicare Part A at no cost to the client through Social Security Administration.

Due to the income and asset qualifying levels, if individuals are eligible for any of MSPs, they are automatically eligible for the Low-Income Subsidy (LIS) program which helps pay for Medicare Part D prescription drug coverage. The LIS program is not a Medicaid program, but individuals can apply for LIS through a Medicaid eligibility site. For the LIS program, there is either a full or partial subsidy, depending on the asset threshold of the individual. In 2008, Congress enacted the Medicare Improvements for Patients and Providers Act (MIPPA), which set forth new requirements aligning LIS and the MSPs (not including QDWI). Under this law, the Social Security Administration (SSA) is required to send a data file of the LIS application (referred to as the MSPs Application Initiation File) to the State Medicaid Agency.

MIPPA established several new requirements for State Medicaid Agencies including:

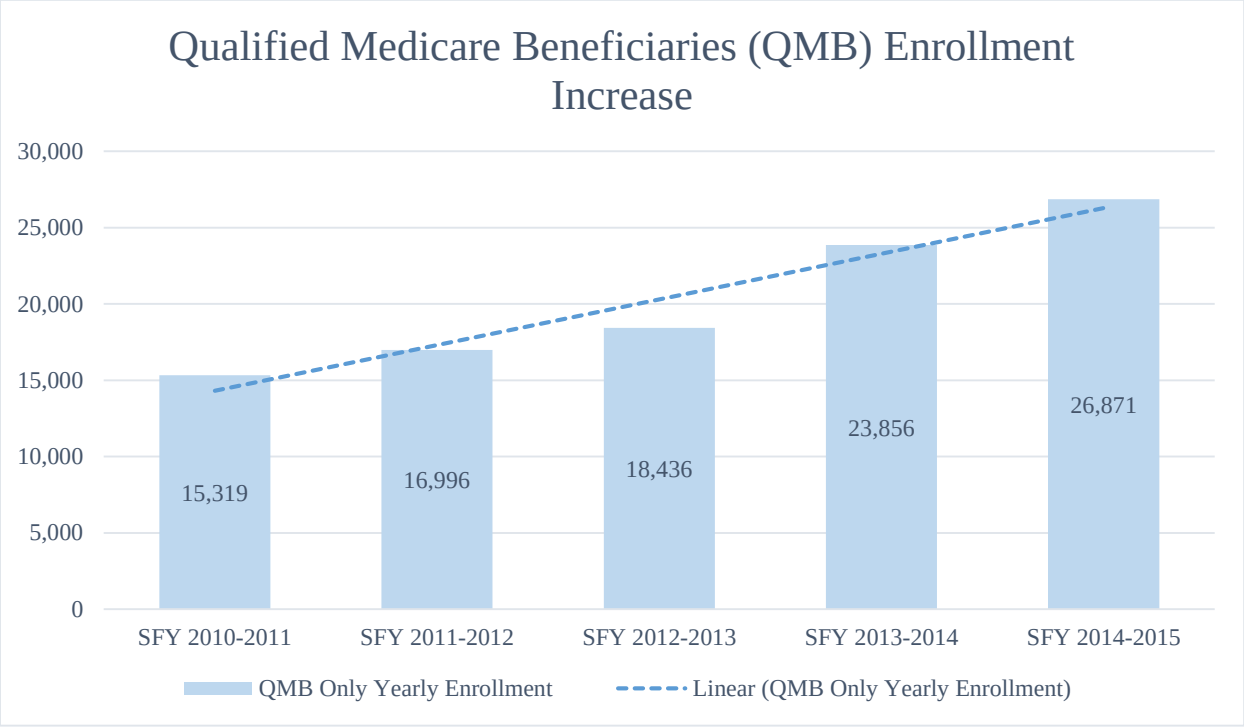
- Increasing the asset limit of MSP to be the same as the LIS full subsidy asset limit. (The 2015 LIS full subsidy asset limit for an individual is $7,280 and the partial subsidy limit is $12,140. Based on 2015 figures, the asset limit for the MSPs would need to increase by $4,860.)
- Treating the MSP Application Initiation File as an application for MSP.
- Excluding the cost sharing paid out under MSP from Estate Recovery.

Colorado Medicaid is in compliance with all of the MIPPA requirements.

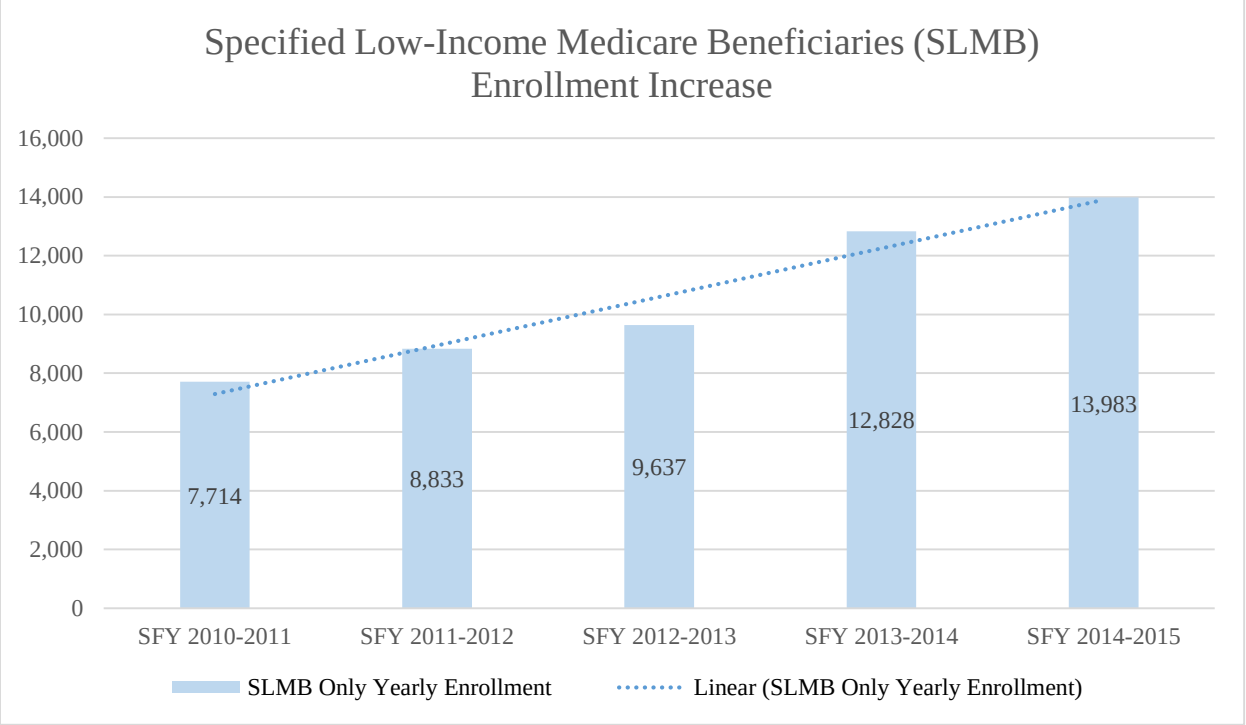
Enrollment Trends

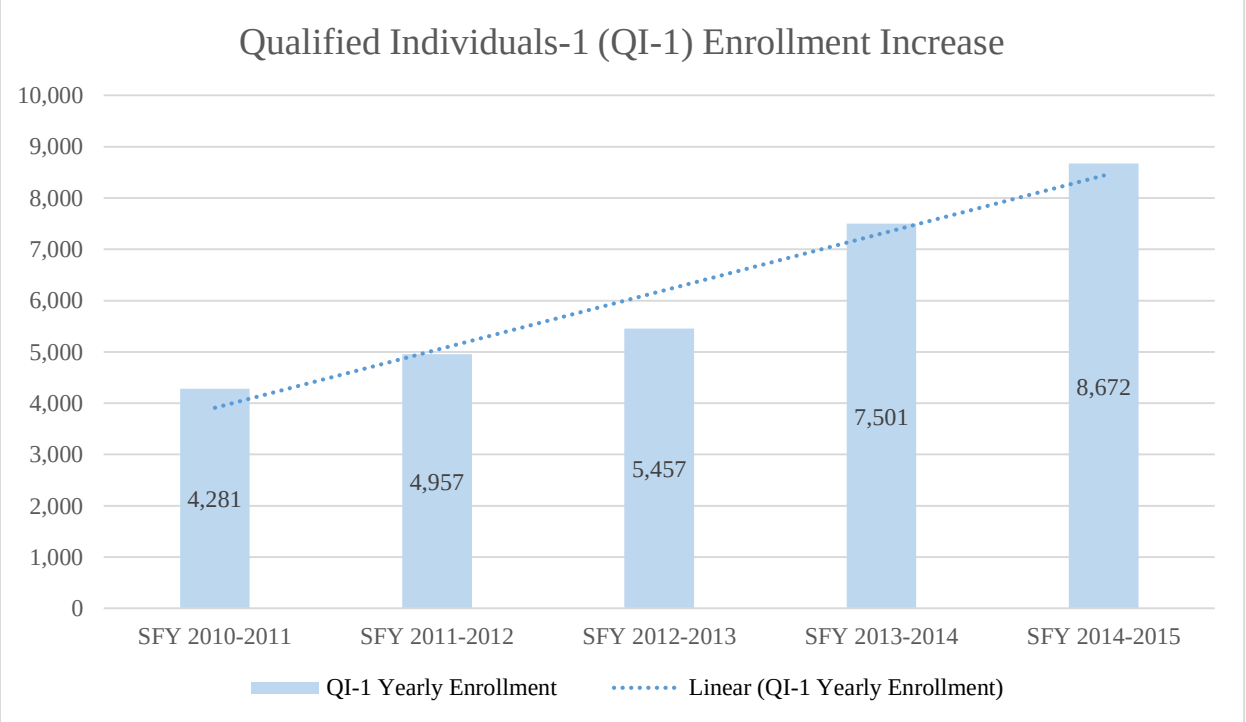
Data from the past five fiscal years shows a steady increase in enrollment in all three MSP. The increase to the asset limit required under MIPPA was implemented in 2013, which resulted in a spike in enrollment for State fiscal year (SFY) 2013-2014.

Enrollment Trends Charts[1]



[1] The data is a sub-set of the partial dual eligibles from the Budget Documents which comes from the Medicaid Management Information System (MMIS) Decision Support System (DSS). The exact numbers will not match those in the Budget Documents.


Specified Low-Income Medicare Beneficiaries (SLMB)
Enrollment Increase
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
7,714
8,833
9,637
12,828
13,983
SFY 2010-2011
SFY 2011-2012
SFY 2012-2013
SFY 2013-2014
SFY 2014-2015
SLMB Only Yearly Enrollment
Linear (SLMB Only Yearly Enrollment)


Qualified Individuals-1 (QI-1) Enrollment Increase
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
4,281
4,957
5,457
7,501
8,672
SFY 2010-2011
SFY 2011-2012
SFY 2012-2013
SFY 2013-2014
SFY 2014-2015
QI-1 Yearly Enrollment
Linear (QI-1 Yearly Enrollment)

Previous and Current Marketing and Outreach Efforts

The Department develops fact sheets and posts updates on its website, as well as working closely with eligibility and community partners to conduct outreach around MSP. As part of the outreach efforts, the Department sends a letter to potentially eligible individuals who have been identified from the monthly MSP Application Initiation File. The letter lets them know of their potential eligibility and tells them the steps they should take to see if they qualify for any of the MSP.

Stakeholder Communications and Engagement

The primary stakeholder that has engaged with the Department regarding enrollment in MSP is the Colorado Gerontological Society (CGS). The Department has convened numerous meetings with CGS. The discussions have centered on how to best utilize the MSP Application Initiation File to eliminate barriers to enrollment.

Obstacles to Enrollment

Currently, the Department uses the MSP Application Initiation File as an application for MSP. However, the data contained in the file does not align with required data to fully determine Medicaid eligibility and therefore cannot be used by the Colorado Benefits Management System (CBMS), the State eligibility system, to automatically determine eligibility. One issue is that the file contains all LIS applicants, not just the individuals who have been approved. Another is that the file does not break out types of income and assets specifically enough to determine Medicaid eligibility or without impacting other social services programs that use the same data elements within CBMS.

Even though the application is automatically initiated within CBMS, a letter is sent to the applicants requesting they submit verifications of their income and assets. This can cause individuals who have issues with literacy or health issues, or who are unable to find the requested verification documents for other reasons, to abandon the application process. Despite these obstacles, enrollment in MSP continues to grow.

Effect of the Program on Health Outcomes

Lower income individuals who are eligible to enroll in Medicare may forego doing so if they are unable to pay the premiums, coinsurances or deductibles. Since MSP pay for some or all of these costs, they may increase the number of individuals who enroll in Medicare. Access to health coverage through Medicare may encourage individuals to seek medical attention sooner than if they did not have any health insurance. Diagnosing and treating health conditions early reduces the chances of the condition worsening or causing other complications. In the long run, increased access to MSP may decrease both the number of people who need Medicaid and the amount of time they need to be fully enrolled in Medicaid. Having access to affordable health coverage for older adults prior to enrolling in Medicaid results in healthier individuals, and in-turn cost-savings for the State.

Future Implementation Strategies

Ideas that have been suggested for future implementation strategies are:

1. Requesting that the Social Security Administration refine the file to exclude all LIS applicants and only include those individuals who have been approved and to provide specific information on income and assets that can be used by CBMS to automate the eligibility determination process.
2. Expand Medicaid eligibility for MSPs to increase the asset limit for MSP to match that of the partial LIS subsidy. The Department could implement this change through a regulation change and State Plan Amendment with CMS, if funding was appropriated by the General Assembly. This would allow clients with an additional $4,860 in assets (based on the 2015 LIS full subsidy asset limit) to become eligible for MSP.
3. Expand Medicaid eligibility for MSPs by eliminating the asset test for MSPs entirely. Eliminating the asset test would require a statute change. Other states such as New York, Arizona, Alabama and Mississippi have eliminated the asset test, and have reported that the administrative savings of no longer having to verify assets has helped off-set the cost of the increase in enrollment.