

Medicare Savings Program

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Issue

This report discusses the Medicare Savings Program (MSP), including recent changes to Connecticut's MSP enacted as part of the FY 18 and 19 budget.

Summary

Federal law requires state Medicaid programs to include a Medicare Savings Program (MSP), which covers certain Medicare cost-sharing for low-income Medicare beneficiaries. MSP has four tiers: (1) Qualified Medicare Beneficiaries (QMB), (2) Specified Low Income Medicare Beneficiaries (SLMB), (3) Qualifying Individual (QI), and (4) Qualified Disabled and Working Individuals (QDWI).

QMB covers Medicare Part A & B Premiums and other cost sharing. SLMB and QI both cover Medicare Part B premiums, but differ in the way they are financed. QDWI serves certain individuals with disabilities who have lost their eligibility for Medicare Part A without premiums because they returned to work. QDWI is a very small tier, with less than 200 recipients nationwide; it was not affected by the budget.

As is the case with other components of state Medicaid programs, states have flexibility to operate their MSP programs within federal parameters. Federal law establishes minimum income and asset limits, but states may opt to expand MSP eligibility beyond those limits.

Connecticut recently lowered MSP income limits to the federal minimum for QMB, SLMB, and QI tiers ([PA 17-2, June Special Session, § 50](#)). There is no asset limit for these tiers in Connecticut.

While MSP does not pay for costs related to Medicare Part D, those enrolled in MSP are automatically eligible for the Low Income Subsidy, a separate federal program that assists with those costs. Connecticut recipients who lose MSP eligibility in January 2018 should continue to receive Low Income Subsidy benefits until December 2018.

MSP benefits paid after January 1, 2010 are not subject to estate recovery, but the Department of Social Services (DSS) does seek recoveries for MSP benefits spent before that date.

MSP Eligibility

Federal law requires state Medicaid programs to help low-income Medicare recipients pay various portions of their cost sharing obligations through MSP. The policy rationale for MSP is that if the state Medicaid program picks up these costs, the Medicare recipient will be less likely to require full Medicaid coverage for things that Medicare does not pay for.

MSP generally consists of three separate tiers, with applicants at the lowest income levels qualifying for the most benefits. MSP eligibility is based on the [Federal Poverty Level \(FPL\)](#), a value that changes annually and is calculated by the U.S. Department of Health and Human Services. As is the case with other components of state Medicaid programs, states have flexibility to operate their MSP programs within federal parameters. Federal law establishes minimum income and asset limits for MSP. States may opt to expand eligibility by having a higher income limit and raising or eliminating the asset limit. Table 1 describes cost sharing covered under each tier and the federal minimum requirement for income limits.

Table 1: MSP Tiers and Federal Minimum Income Limits

<i>Program Tier</i>	<i>Covered Cost Sharing</i>	<i>Federal Minimum Income Level</i>
Qualified Medicare Beneficiaries (QMB)	Medicare Part A & B Premiums and other cost sharing (e.g., deductibles, coinsurance, and copayments)	100% FPL
Specified Low Income Medicare Beneficiaries (SLMB)	Medicare Part B Premiums	120% FPL
Qualifying Individual (QI)	Medicare Part B Premiums	135% FPL

For the tiers shown in Table 1, the 2017 federal minimum asset limit (or resource limit) is \$7,390 for individuals and \$11,090 for couples. States may opt to have higher asset limits or, as is the case in Connecticut, no asset limit.

QMB pays the cost sharing for Medicare Parts A and B, similar to a Medicare supplemental or Medigap plan. SLMB and QI tiers both cover Medicare Part B premiums; the two tiers only differ in how they are financed. Like QMB, SLMB is part of a state’s Medicaid program and, as such, costs are shared between the state and federal government according to formulas that determine federal matching payments. QI costs are paid by the federal government up to a certain allocation level. States must cover the number of individuals that would bring spending up to that allocation level. States may opt to cover additional individuals with state funds.

Recent Changes in Connecticut

The recently passed budget ([PA 17-2, June Special Session](#), §50) lowers income limits to the federal minimum for three MSP tiers, as shown in Table 2 below. The dollar amount of income limits shown in the table is based on 2017 FPL amounts. (Amounts for 2018 have not yet been released.)

Table 2: 2017 MSP Eligibility Change in Connecticut

MSP Program Tier	Prior Law			Under PA 17-2, JSS, Effective January 1, 2018		
	Income Limit (% FPL)	Annual Income Limit for Individuals	Annual Income Limit for Couples	Income Limit (% FPL)	Annual Income Limit for Individuals	Annual Income Limit for Couples
QMB	Less than 211%	\$25,447	\$34,266	Less than 100%	\$12,060	\$16,240
SLMB	211%-231%	\$27,859	\$37,514	100%-120%	\$14,472	\$19,488
QI	231%-246%	\$29,668	\$39,950	120%-135%	\$16,281	\$21,924

Medicare Part D Assistance (Low Income Subsidy)

MSP does not pay the cost sharing for prescription drugs under Medicare Part D. However, MSP recipients are automatically eligible for a separate federal program (Low Income Subsidy) that does assist with such costs. According to DSS, those who lose their MSP coverage in January 2018 will continue to receive the Low Income Subsidy until the end of the calendar year (December 31, 2018).

Additionally, for those who are eligible for Medicare and full Medicaid benefits, state law requires DSS to pay for any Medicare Part D copayment that exceeds \$17 in the aggregate per month ([CGS § 17b-265d](#)).

Medicaid Estate Recoveries

While federal law generally requires states to recover certain Medicaid benefits paid on behalf of a Medicaid enrollee (e.g., nursing home services), it also requires states to exempt Medicare cost-sharing benefits paid under MSP from estate recovery, effective January 1, 2010 (Section 115 of the Medicare Improvements for Patients and Providers Act of 2008 (P.L. 110-275)). See this [February 18, 2010 State Medicaid Director Letter](#) for more information.

According to DSS, the department does recover funds for MSP benefits paid before January 1, 2010, but does not seek recoveries for funds paid after that date.

Resources

Centers for Medicare and Medicaid Services (CMS), [2017 Medicare Savings Program \(MSP\) Income Limits](#), July 2017.

CMS, [Medicare Improvements for Patients and Providers Act of 2008](#), February 2010.

Medicaid and CHIP Payment and Access Commission, [Medicare Savings Programs: New Estimates Continue to Show Many Eligible Individuals Not Enrolled](#), August 2017.

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