

Medicare Savings Programs

What are the Medicare Savings Programs?

Medicare Savings Programs (MSPs) are Medicaid-administered programs available to Medicare and Medicaid eligible beneficiaries with limited income and resources to help pay for their Medicare cost-sharing. At the very least, all MSPs save beneficiaries the cost of monthly Medicare premiums.

There are four MSPs for which Medicare-eligible people may qualify, depending on their financial situations:

- Qualified Medicare Beneficiary (QMB)
- Specified Low-Income Medicare Beneficiary (SLMB)
- Qualified Individual (QI)
- Qualified Disabled and Working Individual (QDWI)

What are the benefits of enrolling in a Medicare Savings Program?

Enrollees do not have to pay the monthly Medicare Part B premium.

Generally, Medicare beneficiaries pay a monthly premium for their Medicare Part B health insurance. This premium amount usually is deducted automatically from their monthly Social Security checks. Beneficiaries who qualify for any of the four Medicare Savings Programs (MSPs) no longer have to pay their monthly Medicare Part B premiums. The state Medicaid program will pay these premiums for them. As a result, MSP enrollees will have more money in their pockets every month.

Enrollees automatically qualify for Extra Help in paying Medicare Part D costs.

All Medicare beneficiaries who qualify for any of the four MSPs also will automatically qualify for Extra Help with paying for their Medicare Part D costs. This Extra Help, also known as the low-income subsidy (LIS), helps pay a portion of the drug plan's monthly premium and other out-of-pocket expenses, such as the annual deductible and copayments and coinsurance for covered drugs.

Enrollees in the QMB program have even lower out-of-pocket costs.

Medicare beneficiaries who qualify for the QMB program will see added savings, since their state Medicaid programs will pay for Medicare cost-sharing, including copayments and deductibles. Additionally, if Medicare beneficiaries did not qualify for premium-free Medicare Part A coverage prior to qualifying for the QMB program, Medicaid also will pay for those premiums.

Who qualifies for Medicare Savings Programs?

Medicare-eligible individuals who meet certain income and asset requirements.

Individuals with incomes and assets below levels set by federal law (see table below) are eligible for Medicare Savings Programs. States have the option of expanding the federal eligibility criteria to allow more beneficiaries to qualify for and enroll in a MSP.

The table below sets forth the maximum amount of income and assets an individual (or couple) can have and still be found eligible under the federal eligibility requirements. Note that it's important to check with the state Medicaid agency as your state may adopt less restrictive eligibility requirements, including higher income and asset thresholds as well as additional income or asset disregards.

Federal Eligibility Requirements

	QMB	SLMB	QI
Income Limits	Up to 100% of the Federal Poverty Level (FPL)*	Between 100% and 120% of the Federal Poverty Level (FPL)*	Between 120% and 135% of the Federal Poverty Level (FPL)*
Asset Limits**	\$6,600/individual \$9,910/couple	\$6,600/individual \$9,910/couple	\$6,600/individual \$9,910/couple
Unearned Income Disregard	\$20 of unearned income (e.g., Social Security, pension, etc.) is not counted	\$20 of unearned income (e.g., Social Security, pension, etc.) is not counted	\$20 of unearned income (e.g., Social Security, pension, etc.) is not counted

* Federal Poverty Level (FPL) figures change each year and are published in the Federal Register to take effect April 1. (The 2009 announcement can be found at <http://edocket.access.gpo.gov/2009/pdf/E9-1510.pdf>.) The FPL for 2009 is effective through March 31, 2010. In 2009, 100% of the FPL is \$10,830 for an individual (or \$903 per month) and \$14,570 for a married couple (or \$1,214 per month) in the 48 contiguous states and the District of Columbia. Income limits are higher in Alaska and Hawaii and for beneficiaries living with dependents.

** Note the resource amounts for MSPs do not include the burial fund allowance (\$1,500 and \$3,000 respectively).

QDWI

Eligibility for the QDWI program is different from the other Medicare Savings Programs. To qualify, beneficiaries must have lost their Medicare Part A benefits because they returned to work. They must be eligible to purchase Medicare Part A, have income up to 200 percent FPL, and resources up to \$4,000 per individual or \$6,000 per couple. They also must not be eligible for Medicaid. For those in the QDWI program, Medicaid pays the Medicare Part A premiums only.

How can a person enroll in a Medicare Savings Program?

Medicare-eligible beneficiaries must complete an application to apply for a Medicare Savings Program. MSP applications are available by phone or in person from local Medicaid offices. Locate a Medicaid office in your office by visiting CMS's contact directory available at <http://www.cms.hhs.gov/apps/contacts/>.

Also, beginning January 1, 2010, the Social Security Administration (SSA) forwards beneficiaries' applications for Extra Help to the states. States must consider these LIS applications as real applications for the Medicare Savings Programs. Once SSA makes the LIS determination, they forward to states all LIS applications, except for beneficiaries who elect to opt-out of this process (see Question 15 on the LIS application).

Additional HAP Resources

For more information on the four Medicare Savings Programs, see HAP's *Key Terms* tool available on our Web site at <http://www.hapnetwork.org/troubleshooting-medicare/qmb/key-terms.html>.

For more information on the QMB program, see HAP's *QMB Toolkit* available at <http://www.hapnetwork.org/troubleshooting-medicare/qmb/>.

For annual and monthly income charts as well as information about income levels for Alaska and Hawaii visit <http://www.hapnetwork.org/medicaid/fpl-2009.html>.