



# Helping State Health Insurance Assistance Programs (SHIPs) Help Medicare Consumers

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## What Are SHIPs?

State Health Insurance Assistance Programs (SHIPs) serve as a local access point to the Medicare program for its 45 million consumers. SHIPs help Medicare beneficiaries access and navigate the Medicare program by providing free and individualized information and counseling on Medicare and its related programs.

In recent years the Medicare landscape has changed significantly, largely as a result of the Medicare Modernization Act (MMA, 2003), and the introduction of the Part D prescription drug benefit in 2006. The role of SHIP counselors has also changed and expanded as a consequence.

SHIP counselors now find themselves advising beneficiaries on dozens of private Medicare plans, navigating Medicare and Medicaid benefits on behalf of beneficiaries eligible for both programs, acting as case managers on behalf of a growing low-income population and playing the role of consumer advocate in order to resolve insurance claims and billing issues for beneficiaries.

SHIPs are located in each state across the country, as well as the District of Columbia, Guam, Puerto Rico and the Virgin Islands. Each is as diverse and unique as the population it serves. The program was established in 1990, is federally funded through the U.S. Department of Health and Human Services (HHS), and is administered through the Centers for Medicare & Medicaid Services (CMS).

## SHIPs Help Reduce Access to Care Barriers

More than one in five Medicare consumers is currently a member of a racial and ethnic minority group. Although the majority of Medicare beneficiaries are still non-Hispanic whites, in 2007, Medicare provided health insurance coverage to 4.3 million African Americans, 2.9 million Hispanics, 1.2 million Asians, 298,000 American Indians and Alaska Natives, and 49,000 Native Hawaiians and Other Pacific Islanders.

### Who Do SHIPs Serve?

SHIPs reach and serve a vast array of Medicare consumers, each with a different set of equally important needs. SHIP "clients" include seniors age 65 and older, people with permanent disabilities under the age of 65, vulnerable populations including 8 million "dual eligible" beneficiaries who also qualify for Medicaid, caregivers providing care for a chronically ill or disabled family member, case managers from other state agencies, community-based partners and advocates, young Medicare-eligible veterans with permanent service-connected disabilities, and limited English proficient beneficiaries.

Language barriers can prevent thousands of Medicare beneficiaries from appropriately accessing the care they need. Communication failures in health care settings between patient and provider often lead to poor health outcomes, medical errors and increased costs. SHIPs play an important role in breaking down language barriers in Medicare – and reducing racial and ethnic disparities in health care as a result – by making interpreters available for beneficiaries with limited English proficiency, as well as helping them access 1-800-MEDICARE’s services for non-English proficient beneficiaries.

## SHIP Partnerships Add Value to the Community

SHIPs add additional value to their communities by collaborating with other agencies that also assist beneficiary populations, such as the Social Security Administration (SSA), the Administration on Aging (AoA), Aging and Disability Resource Centers (ADRCs), Area Agencies on Aging (AAAs), state Medicaid offices, and state departments of health, insurance and aging.

But the SHIP “ecosystem” extends far deeper than state agencies and partners. SHIPs support and leverage their beneficiary outreach work by partnering closely with community-based organizations that represent ethnic and racial minority groups, community health centers, pharmacies and pharmacists, home care agencies, local ombudsman programs, local clinics and regional hospitals, as well as social workers and nurses.

## SHIPs Save Medicare Consumers Money

Each year SHIPs save the Medicare program and its lower-income consumers millions of dollars by enrolling beneficiaries in the programs for which they’re eligible, including (but not limited to) Medicare Part D and the low-income subsidy (LIS), Medicaid, Medicare Savings Programs (MSPs), and Supplemental Security Income. (See Massachusetts example, right.)

SHIP interventions on behalf of dual eligible beneficiaries – and beneficiaries hoping to avoid the “doughnut hole” in Medicare prescription drug coverage – also result in millions of dollars in savings each year for Medicare consumers.

### Massachusetts: 12 Months of SHIP Value in Action

Benefit Enrollment Savings:*	
State Pharmaceutical Assistance Programs	\$9,184,100
Part D & Low-Income Subsidy	\$10,001,700
Medicaid & Supplemental Security Income	\$8,933,732
Claims, Billing & Appeals	\$2,608,048
<b>Total Saving to Medicare Consumers:</b>	<b>\$30,727,580</b>
<b>Total Counseling Hours:</b>	<b>25,963 *</b>
<b>Total Volunteer Value:</b>	<b>\$493,297 **</b>

\* Based on 4/1/07 – 3/30/08 Massachusetts SHINE reporting period

\*\* Volunteer savings calculated using 2008 Senior Medicare Patrol volunteer dollar estimates of \$19/hour

## The Challenges Facing SHIPs

- **Increasing demand in tough times**

Dramatic downshifts in the economy mean significant increases in the ranks of lower-income Medicare consumers. Almost 40 percent of states are reporting that the economic downturn has resulted in a significant increase in the need for services provided by SHIPs, and particularly around low-income benefits.

- **Helping the most vulnerable populations**

Almost half of all Medicare beneficiaries, 46 percent, have an income below 200 percent of the federal poverty level. Although there are more than 9 million beneficiaries eligible for the low-income subsidy (LIS) that helps pay premiums for Part D prescription drug plans and the copayments for medications, millions are still unaware that they're eligible for the subsidy, and are not enrolled in Part D plans. At the same time, only about one-third of those eligible for Medicare Savings Programs (MSPs), which provide financial assistance with Medicare costsharing amounts, are actually enrolled in the programs. Low-income and vulnerable populations have the greatest need, and SHIPs are on the front lines of reaching and enrolling these beneficiaries in the increasingly complex array of public programs and federal subsidies.

- **Displacement in the Medicare Advantage market**

Health care reform will likely result in significant changes to the Medicare Advantage market, causing many plans to either withdraw altogether or reduce their benefit packages. In the short term, these changes will affect how a significant proportion of beneficiaries access health care services. SHIPs are critical in protecting beneficiaries through this transition, and preserving their access to essential health care and prescription drugs.

- **Recruiting and retaining qualified volunteers**

SHIP programs rely heavily on volunteers to stretch and expand their capacity to reach and serve more Medicare consumers. More than 70 percent of SHIP directors surveyed by the Health Assistance Partnership (HAP) cited volunteer recruitment as the top priority for their volunteer development program, followed closely by volunteer retention.

SHIPs also depend on “in kind” volunteers from a number of different community organizations and agencies, including Area Agencies on Aging (AAAs), social services agencies, home health care agencies, senior housing centers, hospitals, assisted living facilities, nursing homes, and state Medicaid agencies.



### Medicare Timeline

- 1965** Medicare enacted as part of Social Security Act
- 1972** Medicare adds coverage for persons with disabilities
- 1990** SHIPs established under OBRA
- 2003** Medicare Modernization Act
- 2006** Medicare Part D enacted
- 2008** Medicare Improvements for Patients and Providers Act
- 2011** Baby boomers start retiring

## What SHIP Directors Are Saying

*“The SHIP role has changed since 2003. Due in large part to the Medicare Part D prescription drug program, SHIPs are now community educators, case managers, and advocates. They work one-on-one with Medicare consumers, they resolve problems with insurance claims and billing issues, they work with plans that don’t recognize the low-income subsidy, they partner and build networks in their communities . . . ”*

*“Everything is different now. The need is greater for the services we provide, and we’re seeing beneficiaries that are more vulnerable and at risk. But beneficiaries are overwhelmed by all the choices and plans. We’re not able to keep up with the demand . . . ”*

For more information, contact your state SHIP.

## Acknowledgments

This information resource was developed by the Communications Subcommittee, a working group of the SHIP Steering Committee.

### **2008-2009 SHIP Communications Subcommittee:**

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*The Health Assistance Partnership (HAP) provided research and technical assistance in the development of this document. HAP partners with State Health Insurance Assistance Programs (SHIPs) on Medicare education, program development, and public education and policy initiatives. Visit [www.hapnetwork.org](http://www.hapnetwork.org) for more information.*

*Sources for this brief are available upon request.*