


Medicare's Role in Reducing Senior Poverty

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As Poverty Awareness Month comes to an end this January, it's a time for us to remember the strong relationship between poverty and health, and to consider the ongoing challenges of poverty among older adults.

Poverty impacts millions of older Americans. One in four Medicare beneficiaries has less than \$15,000 in total savings, and almost one in 12 has no savings or is in debt.^[1] There remain wide disparities among racial and ethnic groups: median per capita savings among white Medicare beneficiaries is more than six times greater than among either black or Hispanic beneficiaries. These statistics remind us of the unique role that Medicare plays in protecting older adults from potentially catastrophic health care costs.

Still, even with Medicare coverage, some beneficiaries incur significant out-of-pocket costs. Among Medicare beneficiaries with incomes below the federal poverty level (around \$12,000 per year for a single person), 38.7% spend over one-fifth of their annual income on premiums and out-of-pocket medical expenses.^[2] To protect seniors from high costs, it is critical that we address the underlying high costs of health care.

That starts with the Administration's commitment to lowering prescription drug costs. In November, CMS **expanded policies** that help beneficiaries save on coinsurance for drugs administered in certain hospitals, saving them millions of dollars on out-of-pocket costs for these drugs. CMS recently **proposed policies** that would ensure that Medicare Advantage and Part D plans have more tools to negotiate lower drug prices, lowering costs for beneficiaries. Additionally, CMS **released an advance notice of proposed rulemaking to seek comments on an innovative drug pricing model** to reduce Medicare spending for physician-administered drugs in Part B and improve quality of care for beneficiaries.

States, advocates, and community organizations can also help connect low-income Medicare beneficiaries with programs that help with Medicare premiums and cost sharing: the **Medicare Savings Programs** and **Extra Help**. Most of the state-based Medicare Savings Programs can save beneficiaries over \$1,600 a year just by covering Medicare Part B premiums – money beneficiaries can use for food, housing, or other necessities. Millions of Americans are eligible for the Medicare Savings Programs but **not yet enrolled**. Interested states can also take **steps to simplify the enrollment process**.

In Medicare – as with other forms of coverage – individuals can reduce their risk of high out-of-pocket costs by accessing **free preventive services** and actively shopping for the best value among Medicare’s options for health plans and drug coverage. CMS is focused on consumer empowerment and has created a suite of tools through the eMedicare initiative that we believe can assist cost-conscious senior as they seek out high value care.

CMS recently launched the new “What’s Covered” app, part of our eMedicare initiative focused on modernizing Medicare and empowering patients with information they need to get the best value from their Medicare coverage. “What’s Covered” lets people with Original Medicare, caregivers, and others quickly see whether Medicare covers a specific medical item or service. Consumers can now use their mobile device to more easily get accurate, consistent coverage information in the doctor’s office, hospital, or anywhere else they use their mobile device.

Beyond Medicare, HHS has programs that may also assist older adults, such as the **Low Income Home Energy Assistance Program** helps with heating costs in low-income households.

Supports like these can be critical for seniors to thrive in the community. Recognizing the need for local innovation and the interconnectedness of health and social services, we are working on **integrating services and addressing social determinants through Innovation Center models**, including the **Accountable Health Communities Model**, which supports local communities to address the health-related social needs of Medicare and Medicaid beneficiaries by bridging the gap between clinical and community service providers.

Through innovation, partnership and a strong focus on making health care more affordable, we have the tools to further reduce senior poverty across the country. States interested in promoting access to programs, or learning more about how to streamline administrative processes for the Medicare Savings Programs should contact their CMS Regional Office. States can also encourage beneficiaries to contact their local **State Health Insurance Assistance Program (SHIP)** or visit the **Medicare Savings Programs** and **Extra Help** CMS webpages.

[1] Kaiser Family Foundation. Income and Assets of Medicare Beneficiaries, 2016-2035. April 2017. Available at: <http://files.kff.org/attachment/Issue-Brief-Income-and-Assets-of-Medicare-Beneficiaries-2016-2035>.

[2] The Commonwealth Fund. Medicare Beneficiaries’ High Out-of-Pocket Costs: Cost Burdens by Income and Health Status. May 2017. Available at: https://www.commonwealthfund.org/sites/default/files/documents/___media_files_publications_issue_brief_2017_may_schoen_medicare_cost_burden_ib_v2.pdf.