

September 8, 2021

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Majority Leader
U.S. Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, DC 20510

Dear Speaker Pelosi, Minority Leader McCarthy, Majority Leader Schumer, and Minority Leader McConnell:

The undersigned national organizations are writing to urge Congress to include improvements to assistance for low-income Medicare beneficiaries in reconciliation legislation this year. Low-income beneficiaries are least able to afford the medications and health care they need, and current assistance is woefully outdated and has significant flaws. An estimated 40% of low-income Medicare beneficiaries spend 20% or more of their very modest incomes on premiums and other health care costs. Out-of-pocket costs for prescription drugs represent a significant share of this amount, accounting for nearly one out of every five beneficiary health care dollars.

If we are serious about reducing health disparities and promoting equity, Congress must include provisions to improve access to Medicare low-income assistance, which are particularly important to older adults of color, in the final reconciliation package. According to a [February 2021 report](#), by the Kaiser Family Foundation, on racial and ethnic inequities and Medicare:

- Together, Black and Hispanic beneficiaries account for 18% of the total Medicare population, but 40% of the Medicare-Medicaid dually eligible population.
- Approximately half of Black and Hispanic older adults have family incomes below 200% of poverty, compared to just over one quarter of white older adults. Median per capita income among white Medicare beneficiaries is double that of Hispanic beneficiaries and 1.5 times higher than among Black beneficiaries.
- Median per capita savings among white beneficiaries are nearly eight times higher than among Black beneficiaries and nearly twelve times higher than among Hispanic beneficiaries.
- Between 2020 and 2060, the share of adults ages 65 and older who are people of color is projected to nearly double - from 25% to 47%.

Expand Assistance with Part D Prescription Drug Costs

Medicare provides important Part D prescription drug coverage and premium and cost-sharing assistance for beneficiaries with low incomes and modest assets. The Part D Low-Income Subsidy (referred to as LIS or Extra Help) program provides full subsidies to individuals with incomes below 135% of the federal poverty level (\$17,628) and assets below only \$7,970. Less generous help is available for individuals with incomes between 135-150% of poverty and less than \$14,790 in assets, with high 15% coinsurance rates.

A major problem with these programs is the unduly restrictive asset eligibility test, which penalizes low-income beneficiaries who were able to set aside a modest nest egg of savings to use in case of emergencies. Older adults find themselves in a “Catch-22.” If they save, they will be unable to receive assistance. If they do not save or are forced to spend down limited assets, they will qualify for Extra Help but may have little to fall back on other than their Social Security checks. Ideally, the asset test should be eliminated, consistent with the Affordable Care Act’s low-income protection eligibility for enrollees under age 65 in Medicaid expansion states. Alternatively, these outdated asset eligibility thresholds should at least be increased.

We support the Title V LIS provisions of H.R. 3, passed by the House in 2019, which would help low-income Medicare beneficiaries afford the health care they need. In particular, Section 503 of H.R. 3 would eliminate the partial LIS benefit, which today leaves beneficiaries exposed to often unaffordable out-of-pocket costs, and expand full LIS benefits to this population, consistent with H.R. 2464, which was introduced this year by Rep. Angie Craig. This proposal would improve adherence to medication regimens and reduce administrative burdens by eliminating the premium scale and differentiation in the benefit. In addition, Section 506 of H.R. 3 would exclude disbursements from retirement plans from LIS income limits, consistent with H.R. 3831, introduced this year by Reps. Susie Lee and Brian Fitzpatrick. This proposal would allow more people to qualify for needed help and begin to correct misaligned incentives that punish people for saving during their working lives. Legislation introduced by Sen. Casey (S. 1844), would go further by eliminating the asset test and raising income eligibility levels to 200% of poverty – a goal we hope Congress can begin to build toward.

Another incremental improvement to Medicare Part D low-income protections would be to eliminate cost sharing for generic drugs for LIS enrollees. This proposal has bipartisan support, would encourage beneficiaries to utilize lower priced drugs, and would improve affordability.

Expand Assistance for Medicare Parts A & B Costs

An additional serious problem is that assistance with rising Medicare Parts A and B cost sharing (deductibles and coinsurance) under the Qualified Medicare Beneficiary (QMB) program is only available for those with incomes below 100% of the federal poverty level (\$13,128 for an individual) and assets below \$7,970. This is significantly less generous than assistance for people under age 65 who live in Medicaid expansion states where Medicaid coverage with no or nominal cost-sharing is available for those with incomes below 138% of poverty with no asset test. Because of this eligibility cliff, many low-income older adults are losing the assistance needed to afford their care when they turn 65. We urge Congress to raise the eligibility limits for the QMB program in order to mitigate this unfair discrepancy.

We strongly support efforts to extend Medicare Part B coverage to comprehensive dental, vision and hearing benefits and note the importance of expanding the QMB program alongside any such changes. Otherwise, inequities in access will persist. For example, Black older adults have the greatest need for oral health care but, as discussed above, nearly half of Black Medicare beneficiaries have incomes below 200% of the federal poverty level.

Unfortunately, under current law, far too many low-income Medicare beneficiaries are unable to access the medications and health care they need. Their fixed incomes are unable to keep pace with rising health care costs, and many outlive their modest savings. Congress must modernize the Medicare program and should prioritize the needs of those who struggle the most and cannot afford to pay for care.

Sincerely,

Alliance for Retired Americans
Allies for Independence
American Association on Health and Disability
American Association of People with Disabilities
Center for Medicare Advocacy
Community Catalyst
Easterseals
Epilepsy Foundation
Evidence-Based Leadership Collaborative (EBLC)
FamiliesUSA
Gerontological Society of America
Justice in Aging
Lakeshore Foundation
Medicare Rights Center
National Association for Home Care and Hospice (NAHC)
National Association for Nutrition and Aging Services Programs (NANASP)
National Association of Social Workers (NASW)
National Association of State Long-Term Care Ombudsman Programs
National Center and Caucus on Black Aging
National Committee to Preserve Social Security and Medicare
National Consumer Voice for Quality Long-Term Care
National Council on Aging
National Disability Rights Network (NDRN)
National Network for Arab American Communities (NNAAC)
USAging