Families USA

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SPECIAL REPORT

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Low-Income Medicare Beneficiaries Need Federal Protection

The Medicare program should protect all Medicare beneficiaries with incomes up to at least 125 percent of poverty from Medicare-related out-of-pocket costs.

- Six million senior citizens have incomes below 125 percent of the federal poverty threshold. In 1995, 125 percent of the federal poverty guideline is $9,338 for a single person and $12,538 for a couple.
- These low-income seniors already spend about one-third of their incomes, on average, on out-of-pocket health costs, excluding long-term nursing home care.
- Out-of-pocket costs are likely to increase further under the adopted Budget Resolution.
- States do not want the responsibility of protecting low-income Medicare beneficiaries from increasing Medicare out-of-pocket costs.

BACKGROUND

Current law protects low-income Medicare beneficiaries from Medicare-related out-of-pocket costs. The Qualified Medicare Beneficiary (QMB) benefit pays Medicare premiums, deductibles and copayments for Medicare beneficiaries who have incomes below the federal poverty guideline. The Specified Low Income Medicare Beneficiary (SLMB) benefit pays Medicare Part B premiums for Medicare beneficiaries with incomes between 100 and 120 percent of the federal poverty guideline. Currently, states administer these benefits as part of the Medicaid program, and states pay a share of the cost. Over the last year, states have consistently sought to be relieved of this responsibility.

SIX MILLION LOW-INCOME SENIORS NEED PROTECTION

The federal poverty guideline is $7,470 for one person and $10,030 for a couple in 1995. Almost four (3.8) million persons age 65 and over have income below the federal poverty line. An additional 2.3 million persons age 65 and over have income between 100 and 125 percent of poverty.[1] (See figure one.) Few low-income elderly people have significant assets. Four out of five (80%) elderly persons with incomes below poverty have assets under $3,000. Seventy percent of elderly persons with incomes below 133% of poverty have assets under $3,000.[2]

Low-income senior citizens cannot afford higher out-of-pocket health costs. As of 1994, poor elderly persons spent about one-third of

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