



**The “Medicare Cliff”:  
Health Care Equity Issues for  
Older Adults and People with Disabilities**

**Ann Vining, Staff Attorney  
Northwest Health Law Advocates (NoHLA)**

**2-5-21 First Friday Forum**

# Medicare and Equity Issues: Costs and Poverty, gender, race/ethnicity

2

Medicare enrollee spending on healthcare averages \$5,801 per year. (AARP 2020, 2017 data) Half of those with income under \$20K spent 17-18% on healthcare. (KFF 2019, 2016 data)



Women and people in racial or ethnic minority groups are disproportionately affected, because they are disproportionately low-income. (KFF 2018, 2017 data)

# Medicare “Cliff” Illustration #1 - Benefits before & after Medicare Begins

3



## **Janice:**

**Income: \$1187/mo. Social Security (~114% FPL)**

**Resources: \$10,000 in savings/IRA**

## **Age 64 (rules before Medicare):**

**Qualifies for Adult Medicaid program**

**\$0 premiums, \$0 cost-sharing**

**Broad service coverage**



## **Age 65 (rules after Medicare):**

**Income/resources too high for Medicaid or Medicare Savings Program. Can get**

**“Partial” level of “Extra Help” program to reduce prescription cost-sharing.**

# Martha's health costs

## Before Medicare

**None\***

\*Except when she needs services Medicaid does not cover, such as eyeglasses or restorative dental work (e.g. crowns).

## After Medicare begins

**\$483/month; 41 %/income**

Includes:

- **\$148.50/mo.** Medicare Part B premiums
- **\$335/mo.** (average other health costs for Medicare enrollees)
  - (No out-of-pocket limit in traditional Medicare)

# Illustration #2: George, before Medicare

5



**George, Age 64, lives alone:**

Income: \$1 650/month; 156% FPL

Resources: \$12,000 IRA + \$1500 burial

**Result:** QHP, with silver-level gets premium subsidy + cost sharing reductions

Resource limit: No limit

# George's health costs

## Before Medicare

**\$259/mo.; ~16% income**

### Includes:

- **\$72/mo.** QHP Premium, silver-level
- **Maximum** cost-sharing: **\$2250/yr. (\$187.50/mo.)**

## After Medicare begins

**\$483.50/mo.; 29% income**

### Includes:

- **\$148.50/mo.** Medicare Part B premiums
- **\$335/mo.** (average other health costs for Medicare enrollees)
  - (Traditional Medicare - NO out-of-pocket cost-sharing limit; Medicare Advantage MOOP is \$7550, but n/a to prescription costs)

# OPTION for Change: Eliminate Resource limits for people on Medicare

7

- **People NOT on Medicare:** NO LIMIT on resources for Medicaid or for QHP insurance subsidies (for premiums, cost-sharing)
- **People ON Medicare:** Very LOW resources limit for Medicaid, or for Medicare Savings Programs subsidies (for premiums, cost-sharing)

## **Imposing a resource limit, set at any level -**

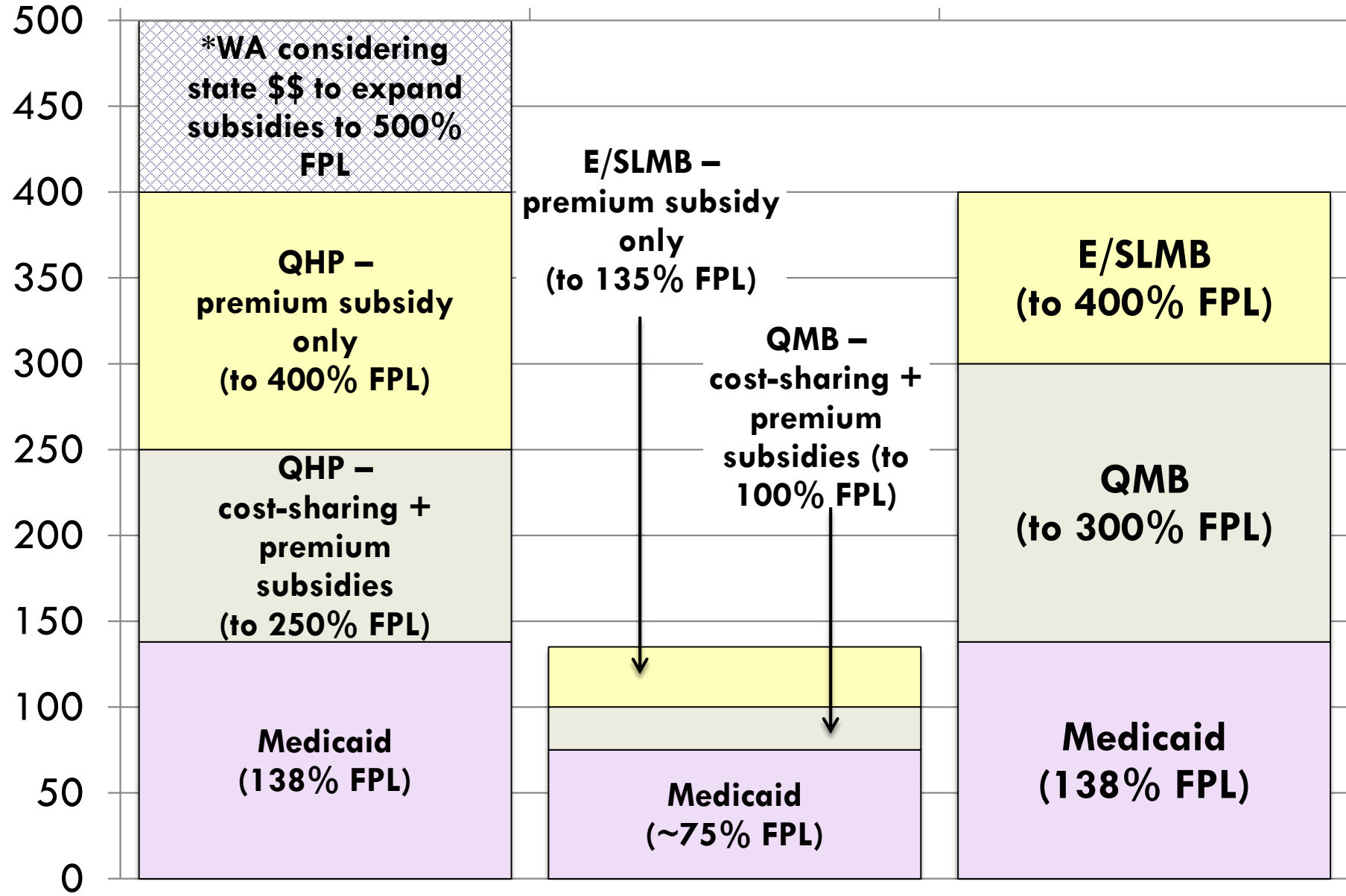
- Is a barrier for people to get help
- Requires applicants to prove value of their resources
- Adds state costs to process the applications

**Current help for people NOT on Medicare**

**Current help for people ON Medicare**

**OPTIONS for help (people on Medicare)**

**% Federal Poverty Level (FPL)**





# Washington can help more low-moderate income people on Medicare afford healthcare

9

**Federal law lets states** raise income and raise or eliminate resource limits for both Medicaid and/or Medicare Savings Programs. The cost to the state is offset by Federal funding.

**Many other states** have adopted one or more of these options.

## NoHLA's project:

Give stakeholders info about the problem and options to make healthcare more affordable for people on Medicare.



# Stories? Feedback? More info? Thank You!

10

- **Do you know of someone** on Medicare with low to moderate income who struggles to pay basic expenses or health costs? **We'd like to hear the story.**
- **What do you think of options** to expand programs to help such people on Medicare?
- **Would you like more detailed information about** the "Medicare Cliff?"

**Please send email to: [Ann@NOHLA.org](mailto:Ann@NOHLA.org)**