

## Fact Sheet

# Low-Income Medicare Beneficiaries Rely on Medicaid for Critical Help

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### Low-Income Medicare Beneficiaries

Almost 11 million people qualify for Medicare and Medicaid.<sup>1</sup> These individuals—called dual eligibles, or duals—are the poorest and sickest of all Medicare beneficiaries. Medicare covers medical and hospital care for duals as well as all other services provided by the program.

The Medicaid program *wraps around* Medicare coverage for most (75 percent) dual eligibles by providing access to services that Medicare does not cover—like long-term services and supports (LTSS)<sup>2,3</sup> and dental and vision benefits. Medicaid also covers Medicare premiums and, in some cases, cost sharing for duals.

Full dual eligibles are individuals who qualify for Medicare benefits, Medicaid benefits, *and* Medicaid-financed help with Medicare cost sharing. Partial dual eligibles are people who qualify for the Medicare benefits, but receive Medicaid's help only to pay their Medicare premiums and, in some cases, other cost sharing. Without this important financial help with their Medicare premiums and cost sharing, full and partial dual eligibles would not be able to access their Medicare benefits.

Because dual eligibles are the poorest and sickest of all Medicare beneficiaries, they account for a disproportionate share of Medicare and Medicaid spending. In 2012, they represented 20 percent of Medicare enrollment but accounted for over a third (35 percent) of Medicare spending. Similarly, duals comprised 15 percent of all Medicaid enrollees and one-third (33 percent) of program spending.<sup>4</sup>

### How Medicare Beneficiaries Qualify for Medicaid

#### Supplemental Security Income Pathway

Low income Medicare beneficiaries can qualify for Medicaid in several ways. In most states and the District of Columbia, Medicare beneficiaries qualify for Medicaid if they receive Supplemental Security Income (SSI), which provides cash assistance to seniors and people with disabilities with income below about 75 percent of

Medicaid is a lifeline for close to 11 million Medicare beneficiaries. These individuals—called dual eligibles or duals—are the poorest and sickest Medicare beneficiaries. This *Fact Sheet* discusses how Medicaid benefits duals, describes how Medicare beneficiaries become dually eligible for Medicaid, and analyzes how recent health care reform proposals could harm vulnerable Medicare beneficiaries.



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the federal poverty level (FPL).<sup>5,6</sup> Almost half (49 percent) of full benefit duals qualify under this pathway.<sup>7</sup>

### **Special Income Limit Pathway**

Another Medicaid eligibility pathway for low income Medicare beneficiaries is the *special income limit* pathway. Under this pathway, states have the option to provide Medicaid to people with income up to 300 percent of the SSI benefit level (225 percent of FPL). Forty-two states and the District of Columbia offer this pathway, accounting for 24 percent of full benefit duals.<sup>8</sup>

### **Poverty-Related Pathway**

People can also qualify as full benefit duals under the poverty-related eligibility category. To qualify under this category, individuals must have income that exceeds the SSI limit but is less than 100 percent of the FPL (\$12,060 for an individual in 2017). Twenty-three states and the District of Columbia offer this eligibility pathway, which provides coverage to about 15 percent of full duals.<sup>9</sup>

### **Medically Needy Pathway**

Finally, low-income Medicare beneficiaries can qualify for Medicaid through state medically needy programs. People qualify under this category by spending so much of their own money on their care—often on LTSS—that their income falls below the state-set income eligibility threshold. Thirty-three states and the District of Columbia have medically needy programs. This pathway provides coverage for about 12 percent of full duals.<sup>10</sup>

### **Selected Characteristics of Dual Eligibles**

While there is great variation in age, health and disability status, and service use among duals, most tend to be poorer and sicker, and use more acute and postacute care<sup>11</sup> and LTSS than nonduals in either Medicare or Medicaid.<sup>12</sup>

- Most (59 percent) duals are ages 65 and older.<sup>13</sup>
- Duals are primarily women (61 percent), white (57 percent), and living in urban areas (76 percent).<sup>14</sup>

- Most (close to 75 percent) duals have three or more chronic health conditions—like diabetes and heart disease—that often require close monitoring, use of prescription drugs, and frequent medical tests.<sup>15</sup>
- The majority (over 60 percent) of duals require help with daily activities—like eating, bathing, and dressing.<sup>16</sup>
- Approximately 18 percent of full benefit duals have Alzheimer’s disease or a related dementia. The percentage is even higher (23 percent) for duals over age 65.<sup>17</sup>

### **Recent Health Reform Proposals Could Harm Vulnerable Medicare Beneficiaries**

Recent proposals would limit federal Medicaid spending by giving states a lump sum of money to cover the cost of their entire program (a block grant), or by giving them a specified amount of money for each enrolled person (a per capita cap). Per capita caps respond to changes in enrollment, while block grants do not. Neither approach considers increased costs associated with the introduction of new technologies or pharmaceuticals.<sup>18</sup>

Because block grants and per capita caps aim to save federal Medicaid dollars, neither will establish adequate baseline spending nor adjust over time to reflect actual increases in cost. Consequently, as funds pay for less over time, states will need to find ways to address the significant loss of federal funds.<sup>19</sup> It is especially harmful for dual eligibles to tie baseline spending to a level of spending that does not reflect the fact that by 2026 boomers will begin to turn ages 80 and older. Consequently, they will likely need higher service levels to address more health problems and the onset of disability. Locking in baseline spending at a time when per beneficiary spending for seniors is significantly lower than it will be in future years would result in an underfunded safety net for this population.<sup>20</sup>

Faced with diminishing federal resources, states have few choices. They can increase state spending on Medicaid, which is unlikely given competing demands on their budgets. They could cut provider rates, which would likely make it harder for dual

eligibles to find doctors to care for them. States could also eliminate or cut back on the eligibility categories duals rely on to access Medicaid-financed LTSS, as well as to help with their Medicare cost sharing. Finally, states could eliminate services, including many of the services duals rely on to meet their basic needs.<sup>21</sup>

As policy makers consider making changes to the Medicaid program, they should avoid harming dual eligibles and other Medicaid beneficiaries who rely on Medicaid's essential safety net. In addition, policy makers should make policy choices that ensure the viability of a robust LTSS system that can meet the needs of people for whom such services are a last resort.

For references go to: <http://bit.ly/2nsv8cs>.

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