Recertification in New York State:

The Revolving Door of the Medicare Savings Program

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Executive Summary

The Medicare program provides important health coverage assistance to older adults and people with disabilities. However, it does not fully pay for all services and medications; people with Medicare pay significant out-of-pocket costs for premiums, coinsurances and deductibles. For low-income consumers, these costs can be prohibitive. Medicare Savings Programs (MSPs) offer assistance with the costs and help to ensure access to health care. Despite the importance of these programs, states—including New York— often rely on inefficient paper-based recertification processes to determine continued eligibility. Consequently, eligible consumers lose their MSP coverage and risk going without the assistance they need and are entitled to receive. Further, states continue to expend limited resources on reprocessing new applications for consumers when they reapply for the benefit.

New Yorkers who call our consumer hotline after losing their MSP benefit are confused about what the benefit is, what it does and how the renewal process works. Despite efforts to educate consumers about the benefit at the time of enrollment, consumers are often unaware that an annual recertification is required in order to retain the benefit. Many callers who enroll in an MSP do not realize the range of benefits the MSP provides or the importance of retaining the benefit.

All New Yorkers who lose their MSP benefits need to reapply in order to receive an MSP again. The new application and eligibility determination also create unnecessary costs for the state and county offices that reprocess the applications. This process creates a revolving door—sometimes called "churning"—as consumers cyclically enter and exit benefit programs for which they are, and always were, eligible.

To maintain seamless health coverage for New Yorkers with Medicare and increase state cost savings, New York should implement a passive recertification process. Passive recertification involves data sharing between state and federal agencies that mitigates the need for consumers, whose income and assets are unlikely to change, to do anything in order to keep their benefits. Examples of passive renewal processes already exist—in other states and in New York. In order to ensure program integrity, New York can leverage existing data to target only those consumers who are likely to have had a change in income for more intensive recertification outreach.

Overview of the Medicare Savings Programs

Depending on a consumer's income and assets, MSPs offer assistance with some or all out-of-pocket medical costs.[1] MSPs are administered by state Medicaid agencies and are overseen by the Centers for Medicare & Medicaid Services (CMS). There are three types of MSPs: Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB) and Qualifying Individual (QI).[2] QMB, the most generous benefit, pays the consumer's Part B premium, Part A premium and the Part B coinsurance and deductible. SLMB and QI provide coverage of the Part B premium.

[1] New York and seven other states do not consider assets when determining MSP eligibility; however, there are income and asset limits in all other states.
[2] 42 U.S.C. §1396(a)(10)(E) (2009).

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In addition to providing assistance with Medicare cost-sharing, enrollment in an MSP automatically qualifies the consumer for Extra Help, the federal prescription drug assistance program that is also called the Low-Income Subsidy (LIS). This automatic qualification process, known as "deeming," enrolls consumers with MSPs in full LIS, which provides access to prescription drugs at reduced copayments.[3] In addition, consumers with full LIS do not enter the coverage gap—sometimes called the "doughnut hole"—the period of Medicare drug coverage during which consumers are responsible for an increased share of their prescriptions. The Social Security Administration (SSA) estimates that consumers save an average of $3,900 annually through enrollment in a Part D drug plan and LIS.[4] Consumers continue to automatically qualify for LIS so long as they continue to qualify for, and remain enrolled in, an MSP.[5]

Table 1. Benefits of MSP Enrollment

	Deeming for LIS	Part B Premium	Part B Coinsurance	Part B Deductible	Elimination of Part B Late Enrollment Penalty[6]	Enrollment in Part B Outside GEP[7]	Part A Premium, Coinsurance and Deductible	Enrollment in Part A Outside GEP (Part A Buy-In States Only)
QI-1	X	X			X	X		
SLMB	X	X			X	X		
QMB	X	X	X	X	X	X	X	X

Although Congress sets the federal eligibility floor for MSPs, states can choose to expand eligibility to consumers with income and assets that exceed the federal minimum. New York, for example, has eliminated the asset test for all three MSPs. Congress also requires states to establish an application and recertification process for MSPs, but states retain significant flexibility in shaping these processes.[8]

Recertification for MSPs in New York

Under federal law, consumers enrolled in MSPs must recertify their eligibility once every 12 months. However, states retain substantial flexibility in determining how the process works. All states are required to provide "timely and adequate" notice of any discontinuance or adjustment to the MSP benefit.[9] Moreover, the state must continue to provide the MSP benefit until it is determined that an individual is ineligible.[10] Beyond these requirements, states are free to tailor the recertification process to meet the needs of their consumers and resources—ideally to make it easier for individuals to keep benefits in which they are enrolled.

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[3] Centers for Medicare & Medicaid Services, "Year 2009 Re-deeming – Losing Deemed Status," at www.cms.hhs.gov/LimitedIncomeandResources/, last accessed December 8, 2010.
[4] "Understanding the Extra Help with Your Medicare Prescription Drug Plan," at http://www.ssa.gov/pubs/10508.htm, last accessed December 7, 2010.
[5] A consumer will lose his or her deemed status for the following year when no longer enrolled in an MSP in the month of July or August.
[6] Consumers who enroll in Medicare Part B outside of their initial enrollment period are assessed a Part B premium penalty based on the number of years they were not enrolled in Part B.
[7] Most consumers who enroll in Medicare outside of their initial enrollment period can enroll in Medicare Part B only during the General Enrollment Period (GEP), which runs from January through March.
[8] 42 CFR § 435.916(a)
[9] 42 CFR § 435.919
[10] 42 CFR § 435.930(b)

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Currently, the MSP recertification process in New York State begins when a consumer receives a mailing from his or her county Department of Social Services (DSS)[11] office containing a letter explaining the recertification process and a recertification form.[12] If the consumer returns the initial recertification form, the DSS office will process the recertification. Even when the consumer indicates there have been no changes to the information since the last year, an MSP recertification may take 20 minutes or longer for the county worker to complete, depending on the amount of information that needs to be verified.[13] A change in a consumer's marital status or number of income sources may extend the amount of time needed to process the recertification. This process has the potential to involve multiple mailings and communications between the consumer and the DSS office.

Ms. P's Social Security benefit decreased by $110.50. Ms. P thought she had some kind of assistance that paid this amount, and she remembered seeing notices to this effect. The previous month she had received a letter from Social Security stating that her benefit would decrease, but the letter did not explain how she could prevent this from happening. She did not associate the letter with her QMB recertification, or with her longer-term deeming for LIS. Ms. P was very anxious: she was already having trouble affording her monthly bills, and this month, with $110.50 cut out of her budget, it was going to be even harder. A Medicare Rights hotline counselor was able to determine that Ms. P lost her MSP because she had not recertified for the benefit and had passed the 30-day grace period that New York allows for recertification. She would have to complete a new paper application for the MSP and then wait for her county department of health to make a new eligibility determination. During this time, Ms. P was to go without the benefit and was responsible for paying the full cost of her Medicare premium, deductible and coinsurance. Because of this financial burden, Ms. P considered disenrolling from Medicare Part B and just using the emergency room for her health care needs.

In this case, Ms. P never received the initial letter informing her that she had to recertify, which she should have received three months prior to her recertification date. It was not until the benefit was lost that Ms. P became aware of her obligation to recertify and the fact that she had missed her recertification date.

Barriers in the Paper-Based Recertification Process

In analyzing cases from our consumer hotline, it appears that many New Yorkers do not recertify because they are not aware they need to recertify, they have not received the form, or they do not understand the consequence of losing the benefit or the recertification timeline. Unfortunately, Ms. P's story is not unique: New York has a high rate of consumers who unsuccessfully recertify

[11] In New York City, MSPs are administered through the Human Resources Administration (HRA).
[12] In limited instances, some MSP recipients are asked to document their current income, residency and/or citizenship.
[13] Communication with Robin Ikler, Joanne Martinez, Rita Zink, Denise Urbano and Judy Layton, New York State Department of Health Office of Health Insurance Programs, August 26, 2010.

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for benefits—about 30 percent each year.[14] Consumers who lose their MSP risk losing their LIS deemed status and, consequently, important prescription drug coverage. In New York, there are 328,543 individuals enrolled in MSPs. In 2009, 29,962 New Yorkers with Medicare lost their deemed LIS status for 2010 because their pre-existing MSP, Medicaid or Supplemental Security Income (SSI) case was closed.[15] The exact number of these individuals who lost their MSP and LIS specifically because of MSP recertification requirements is difficult to determine. However, it is clear that the current recertification process causes consumers to lose their MSP, thereby decreasing their income, purchasing power and, eventually, financial support for drug coverage. The large majority of consumers who call our hotline after losing their benefit, however, remain financially eligible for the MSP and have lost the benefit because of confusion over the recertification process.

Ms. P's story underscores the point that consumers are unaware that there is a recertification requirement. Given that consumers are unaware the benefit needs to be renewed, they do not reach out to Medicare Rights or DSS until the annual renewal period has lapsed. Consumers who apply for an MSP understand that the benefit helps pay for Medicare costs. But many do not understand the need to annually recertify or the breadth of this benefit—particularly that Extra Help is contingent on their enrollment in an MSP. These consumers are unlikely to make the connection between their health care premiums and MSP recertification notices.[16]

The Revolving Door of Recertification and the Costs to New York State

Consumers who never receive a recertification form, or who fail to return their recertification form, may have their MSP discontinued or deferred, regardless of continued financial eligibility. Eligible consumers who are not recertified must fill out a new MSP application and receive an entirely new eligibility determination, a process that can take more than 20 minutes of a government worker's time and unnecessarily increases costs to New York.[17]

For QMB recipients, New York State faces additional costs if the consumer's coverage is shifted from Medicare to Medicaid. In New York, eligibility for Medicaid health insurance for people over 65 is set at 85 percent of the federal poverty level (FPL). QMB eligibility is set at 100 percent of the FPL. Consequently, there are individuals with QMB who also have state Medicaid health insurance. Having QMB ensures that some of the financial responsibility is shifted from the state to the federal Medicare program. A QMB consumer who fails to recertify is at risk of being unable to afford Medicare coverage, and the state absorbs more of the cost.

New York has already taken steps to address some of the problematic areas of MSP recertification, including eliminating the face-to-face interview, shortening recertification forms,

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[14] Perry, Michael, "Reducing Enrollee Churning in Medicaid, Child Health Plus, and Family Health Plus," New York State Health Foundation, February 2009, at http://www.nyshealthfoundation.org/userfiles/file/LakeResearch_2_2009.pdf, last accessed March 29, 2011.
[15] LIS Overview, at http://www.cms.gov/LimitedIncomeandResources/, last accessed January 20, 2011.
[16] "The QMB Benefit: How to Get It and How to Use It," Center for Medicare Advocacy, June 2010, at http://www.medicareadvocacy.org/Projects/AdvocatesAlliance/IssueBriefs/10_06.14.QMB.pdf, last accessed January 31, 2011.
[17] Communication with Robin Ikler, Joanne Martinez, Rita Zink, Denise Urbano and Judy Layton, New York State Department of Health Office of Health Insurance Programs, August 26, 2010.

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eliminating the asset test and allowing for self-attestation of income, which removed the onus of income verification from the consumer.[18]

However, the case of Ms. P demonstrates that a paper-based recertification process, which requires consumers to take action, has inherent costs and inefficiencies. Moreover, this mail-based system is ineffective in a data-driven landscape. To achieve further cost savings and consumer protections, New York should look to develop a new process for recertification.

Telephonic and Electronic Recertification

Some states have developed telephonic and Internet recertification access to address the shortcomings of the paper-based application and recertification process. While the telephone and Internet help some consumers with recertification, this method fails to leverage data already available to the state and still requires all consumers to actively recertify regardless of the likelihood that their financial circumstances have changed. Nevertheless, states like Florida have already successfully implemented electronic application processes and realized cost savings from such implementation.[19] In fact, Florida has seen savings of nearly $100 million in annual operating costs.[20]

Telephonic and electronic initiatives are underway in both New York State and New York City. For example, ACCESS NYC currently allows for online submission of some benefit applications, and is poised to incorporate recertification for multiple benefits. New York is also in the process of implementing a statewide enrollment center, which will incorporate and streamline recertification for benefits and offer a telephonic renewal option. However, the center is currently slated to focus initially on Medicaid recertifications, adding MSP recertification to the services it provides at an as yet unknown future date.[21]

Passive Recertification

Utilizing data already available through state and federal agencies allows states to create passive enrollment and recertification processes for consumers. Passive recertification involves data sharing between state and federal agencies that mitigates the need for consumers, whose income and assets are unlikely to change, to do anything in order to keep their benefits.[22]

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[18] "Maximizing MSP Enrollment with Part D: Lessons from Three States," Medicare Rights Center, May 2006, at http://www.allhealth.org/briefingmaterials/MaximizingMSPEnrollmentLessonsfromthreestates-325.pdf, last accessed January 31, 2011.

[19] Cody, S., Sama Martin, E., and Nogales, R., "Modernization of the Food Stamp Program in Florida," Mathematica Policy Research, February 2008. (These are cost savings to the entire ACCESS Florida operating budget, including food stamps, Medicaid, cash assistance and staff reductions.)

[20] *Id.*

[21] *See* "Statewide Health Insurance Enrollment Center will Streamline Enrollment, Reduce Local Burden," October 16, 2008, at http://www.health.state.ny.us/press/releases/2008/2008-10-16_enrollment_release.htm, last accessed December 8, 2010; *contra*, "New York State Medicaid Administration November 2010 Report," at http://www.health.ny.gov/health_care/docs/2010-11_medicaid_admin_report.pdf, last accessed December 8, 2010 ("[MSP] Applications and renewals could be processed centrally at the Enrollment Center").

[22] Federal law mandates that MSP consumers recertify for their benefits every 12 months, but the law does not exclude passive recertification as a way to achieve renewals.

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The most comprehensive passive enrollment and recertification model exists under the Children's Health Insurance Program Reauthorization Act (CHIPRA) of 2009. CHIPRA created a mechanism—a type of passive recertification known as Express-Lane Eligibility (ELE)—that allows state Medicaid agencies to rely on eligibility findings from other programs (such as Head Start) or tax return data to identify eligible children and enroll them in, or recertify them for, benefits.[23] In some states the agencies use the eligibility determination even when another program's methods for determining eligibility differ. Moreover, annual recertification in one benefit recertifies all other benefits. Simply put, once a child is enrolled in one benefit he or she can quickly be enrolled in and recertified for additional benefits.[24]

New York utilizes a similar automatic entitlement mechanism for SSI recipients.[25] Consumers who receive SSI are automatically enrolled in the Supplemental Nutrition Assistance Program (SNAP), Medicaid, Medicare, a Medicare Savings Program and LIS.[26] Similarly, SSI recertification serves as an automatic Medicaid recertification. By using data from one benefit to automatically recertify another benefit, states reduce the costs associated with revolving enrollment and ensure that vulnerable individuals have stable, continuous coverage.

A particularly effective data-sharing model tailored for MSP recertification exists in Louisiana. Rather than requiring MSP consumers, whose financial circumstances tend to remain the same, to affirmatively report data to local social service offices, Louisiana requires consumers to act only when their circumstances have changed.[27] MSP enrollees are sent a letter advising them that they continue to qualify for one of the MSPs, and that no action is necessary unless there is a change to report. If there is a change to report, consumers are directed to call a toll-free hotline. If no changes are reported to the state, the consumer's MSP is renewed for another 12 months.[28] Most of the consumers who call our hotline, like Ms. P—who never received the proper notice and/or did not understand what the notice required—would benefit from this type of recertification.

Although passive recertification raises the possibility that the state will continue to provide MSPs to individuals whose income exceeds eligibility limits, Louisiana's experience suggests that this risk is minimal. Passive recertification was implemented there only after the state reviewed historical program data and learned that MSPs were almost never terminated because of a change in a consumer's income or assets.[29] Moreover, the state has taken steps to minimize the risk. Specifically, the state uses data from SSA to identify cases in which it is likely that a

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[23] "Louisiana's Express Lane Eligibility," Kaiser Commission on Medicaid and the Uninsured, August 2010.
[24] Not all states use this ELE and recertification model.
[25] Medicaid Reference Guide Other Eligibility Requirements, Application, Certification and Renewal, New York State Department of Health, Update June 2010, at http://www.health.state.ny.us/health_care/medicaid/reference/mrg/other-eligibility-requirements.pdf, last accessed December 8, 2010. (Individuals eligible for Medicaid by virtue of their SSI eligibility are renewed for Medicaid by virtue of their SSI renewal.)
[26] In this case, all of the individual's state-based benefits appear on an electronic benefits transfer (EBT) card, refilled each month so long as the individual remains eligible for SSI.
[27] Summer, Laura, "Retaining Benefits an Important Aspect of Increasing Enrollment," August 2009.
[28] *Id.*
[29] *Id.*

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consumer's income or assets have changed.[30] The state then directs internal resources to further investigate these cases.

Data sharing between the state and SSA is not limited to Louisiana. The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) has already established a mechanism for transmitting IRS-verified data from Social Security to all states to determine MSP eligibility. States, including New York, could explore the potential for this data exchange to be used, as in Louisiana, to recertify individuals for benefits.

The process in Louisiana has saved the state money and staff resources. Between 2007 and 2009, the state realized $700,000 in savings.[31] Additionally, redirecting resources away from recertification of benefits allowed staff to focus on more complex casework, and on expediting application processing. After the first year, MSP applications were processed within 15 days of receipt.[32]

Other states, including Wisconsin, are moving toward passive recertification.[33] Louisiana's experience demonstrates that the risk of recertifying consumers whose income exceeds eligibility limits is far outweighed by the administrative savings achieved by reducing paper mailings and the time county workers spend analyzing recertification forms—an estimated 20 minutes per form in New York State.[34] At the same time, the risk of eligible consumers losing their MSP benefits inappropriately because of problems with the mail, not understanding the recertification requirement or missing recertification deadlines is decreased. New York should begin automatic recertification for consumers with MSPs and should look to states like Louisiana and Wisconsin in shaping the recertification process.

Conclusion and Recommendation

New York State has taken steps to reduce recertification obstacles by allowing self-attestation, simplifying the application, and eliminating the face-to-face interview process and the asset test. However, the continued reliance upon paper-based processes, which demand a response from consumers and review by state workers, continues to lead to increased costs to the state and lapsed benefits for eligible Medicare consumers. New York should move away from the current paper-based recertification process and toward a passive, data-sharing recertification process similar to the process adopted by Louisiana.

Data sharing among state and federal agencies capitalizes on resources already available to the state and can help consumers automatically enroll and recertify in a range of benefits, including MSPs, LIS, SNAP and others. Consequently, mailing costs and paperwork are reduced, and the

[30] Personal communication with Gretchen Autin, Louisiana Medicaid Program Manager, June 2009.
[31] *Id.*
[32] *Id.*
[33] Personal communication with Vicki Jessup, Policy Section Chief Bureau of Enrollment Policy and Systems Wisconsin Department of Health Services, January 25, 2011.
[34] Communication with Robin Ikler, Joanne Martinez, Rita Zink, Denise Urbano and Judy Layton, New York State Department of Health Office of Health Insurance Programs, August 26, 2010.

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state reduces its administrative expenditures. Additionally, consumers are enrolled in benefits that draw, at least partially, on federal funds, thus reducing state health care expenditures. [35]

While telephonic- and Internet-based recertification are options, the real innovation is the utilization of data already available to the state. To address confusion over paper notices, the timing of recertification and ultimately the requirement itself, New York must leverage the data transmitted by SSA, and data already collected by other state agencies, to determine whether MSP benefits should be recertified. Such data exchanges would allow the state to target those consumers who are likely to have a change of circumstances for more intensive recertification outreach, and would allow consumers whose income and assets are not likely to change to automatically be recertified for benefits. Passive recertification as a result of data verification could prove effective at reducing state costs and keeping eligible individuals enrolled in needed benefits.

[35] *See generally,* "Dear State Medicaid Director, Medicare Improvements for Patients and Providers Act of 2008," February 18, 2010.

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