

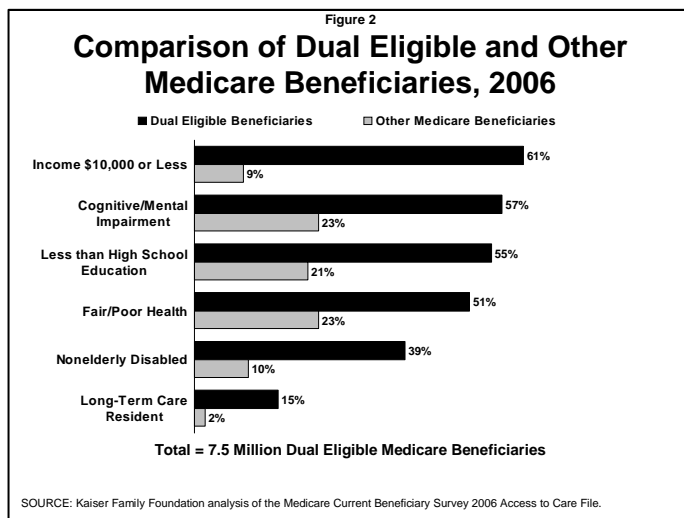
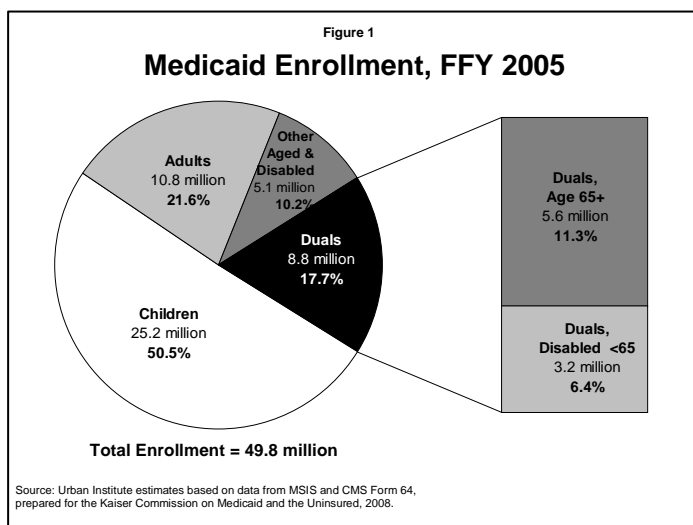
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Dual Eligibles: Medicaid's Role for Low-Income Medicare Beneficiaries

Nearly 8.8 million Medicaid beneficiaries are “dual eligibles” – low-income seniors and younger persons with disabilities who are enrolled in both the Medicare and Medicaid programs. Dual eligibles are among the sickest and poorest individuals covered by either the Medicaid or Medicare programs. Dual eligibles rely on Medicaid to pay Medicare premiums and cost-sharing and to cover critical benefits Medicare does not cover, such as long-term care. Because dual eligibles have significant medical needs and a much higher per capita cost than other beneficiaries, they are of great interest to both Medicare and Medicaid policymakers and to the state and federal governments that fund and manage the programs.

Who Are Dual Eligibles?

Dual eligibles account for 18% of Medicaid enrollees. Almost two-thirds of dual eligibles (5.6 million) were individuals age 65 and over, and about one third (3.2 million) were younger persons with disabilities (Figure 1). Most dual eligibles have very low-incomes: 61% have annual income below \$10,000 compared to 9% of all other Medicare beneficiaries. Most dual eligibles also have substantial health needs: over half are in fair or poor health, twice the rate of others on Medicare. Dual eligibles are also more likely to have mental health needs and to live in nursing homes compared to other Medicare beneficiaries (Figure 2).



How Do Dual Eligibles Qualify for Medicaid?

Medicare beneficiaries who have low incomes and limited assets can obtain Medicaid coverage through different eligibility “pathways,” and the kind of assistance that Medicaid provides varies accordingly. Most dual eligibles qualify for Supplemental Security Income (SSI) cash assistance – generally 74% of the FPL for individuals – or have exhausted their resources paying for health and long-term care (sometimes known as “medically needy” or “spend-down”). These dual eligibles receive assistance with Medicare premiums and cost sharing and coverage of Medicaid benefits. While some protections exist for spouses, individuals who spend down to receive assistance with nursing home care must apply all of their income, except for a small personal needs allowance, toward the costs of their care and assets must be below \$2,000 for an individual and \$3,000 for a couple.

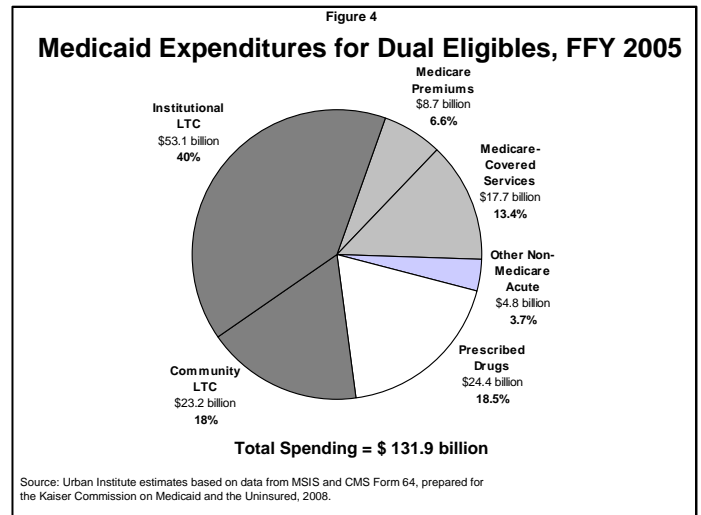
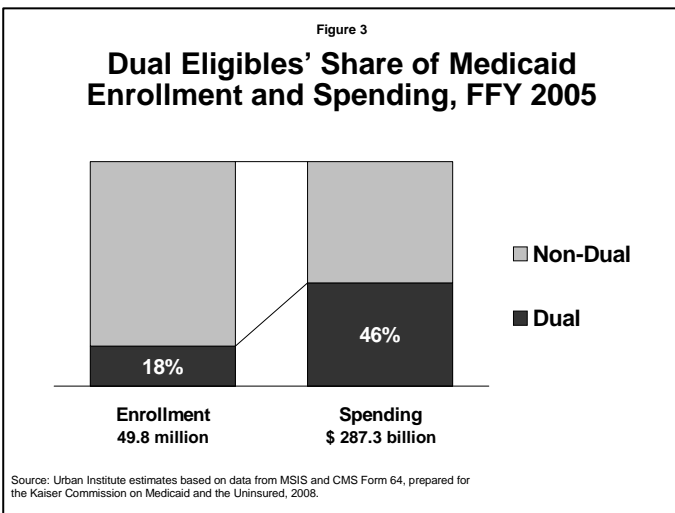
For Medicare beneficiaries with income or resources just above the federal poverty level, Medicaid’s assistance is more limited, primarily covering Medicare premiums. This assistance is referred to as the “Medicare Savings Programs.” Qualified Medicare beneficiaries (QMB) have incomes up to the poverty line (assets up to \$4,000 for an individual and \$6,000 for a couple) and receive help with Medicare premium and cost sharing obligations. Specified Low-Income Beneficiaries (SLMB) have slightly higher incomes (100-120% of FPL) and receive help with Medicare premiums only.

What Services Does Medicaid Provide for Duals?

For 16% of Medicare beneficiaries, Medicaid fills in the gaps in Medicare coverage. For those who qualify, Medicaid pays the Medicare Part B premium (\$96.40/month in 2009); pays the cost sharing charged for many Medicare services; and covers a range of benefits not covered by Medicare such as long-term care, dental care, and eyeglasses. In January 2006, the federal government took steps to expand its role for low-income Medicare beneficiaries through the implementation of the new Part D prescription drug benefit and low-income subsidy programs.

The majority of dual eligibles (7.1 million) receive full Medicaid benefits and assistance with Medicare premiums and cost-sharing. The remaining dual eligibles (1.7 million) receive assistance only with their Medicare premiums and cost-sharing. Most dual eligibles, whether eligible for full or partial Medicaid benefits, have very low incomes and significant health care needs.

Dual eligibles account for a large share (46%) of total Medicaid spending, although they represent just 18 percent of Medicaid enrollment (Figure 3). In 2005, over half (58%) of Medicaid expenditures for dual eligibles were for long-term care services; payment to supplement Medicare covered services accounted for 13 percent; payment of Medicare premiums accounted for 7 percent of spending; and an additional 4 percent were for other acute services that Medicare does not cover. (Figure 4). Prescription drug spending accounted for 19 percent of Medicaid spending on dual eligibles. As of January 2006 prescription drug spending for the duals was absorbed into Medicare as Medicare Part D coverage began, but state Medicaid programs are still required to make a substantial contribution towards this benefit, usually referred to as “the clawback” payments.



How Does Medicaid Spending Vary Across States?

There is significant variation in the duals' share of total spending across the states. Spending per dual eligible for the nation averaged \$14,972. Alaska, Connecticut, Minnesota, New Hampshire, New Jersey, New York, North Dakota, Ohio, and Pennsylvania – averaged more than \$20,000 per dual eligible. Each of these states spent a larger than average share of total dual eligible spending on long-term care; some spent over 70 percent of funding for duals on long-term care services. Four states – Alabama, Illinois, Maine, and South Carolina – spent less than \$9,000 per dual eligible in 2005. There is also great variation among states in the share of duals that receives full or partial Medicaid benefits. In states which cover many additional individuals through Medicare Savings Programs, nearly half of all dual eligibles are “partial” dual eligibles. In states where relatively fewer have been enrolled in Medicare Savings Programs, nearly all duals receive full Medicaid benefits.

Future Challenges

Dual eligibles are among the sickest and poorest individuals covered by either the Medicaid or Medicare programs. While states continue to fill in the gaps in Medicare coverage by paying for long-term care and Medicare's Part B premium and cost sharing for dual eligibles, they face greater difficulty during a recession when a growing number of low-income families turn to Medicaid, as they lose jobs, health coverage, and income. As federal policymakers in the new Administration and Congress develop proposals for reform, it is instructive to consider changes to Medicaid's current financing role for low-income Medicare enrollees. Improving care coordination and payment structures for dual eligibles could strengthen both the Medicare and Medicaid programs in the years ahead.

This fact sheet (#4091-06) is available on the Kaiser Family Foundation's website at www.kff.org.