

# LEGAL SERVICES FOR THE ELDERLY, INC.

5 Wabon Street, Augusta, Maine 04333

(207) 621-0087 • Fax (207) 621-0742

Offices in Augusta, Bangor, Lewiston, Biddeford and Presque Isle

•••

LSE Helpline 1-800-750-5353 (Voice/TTY)

[www.mainelse.org](http://www.mainelse.org)

---

April 20, 2023

Testimony of Leo J. Delicata, Esq., Legal Services for the Elderly, in support of L.D.1522 An Act to Provide Economic Justice to Historically Disadvantaged Older Citizens by Amending the Laws Governing the Medicare Savings Program before the Joint Standing Committee on Health and Human Services

Senator Baldacci, Representative Meyer and members of the Joint Standing Committees on Health and Human Services

On behalf of Legal Services for the Elderly I would like to offer comments in support of L.D. 1522. Legal Services for the Elderly is a non-profit legal services organization that was established in Maine following the passage of the Older American's Act in 1974. Since then, we have provided free legal assistance to our disadvantaged older adults when their basic human needs are at stake. Our clients are all aged sixty or older and most have very low incomes.

This bill proposes to eliminate the asset requirements for the Medicare Savings Program (MSP) and produces a method to help pay for this change. Our comments will describe the MSP in general terms and then suggest why you should take action to remove the asset test.

The Medicare Savings Program (MSP) is a Federal public benefit program administered by our Department of Health and Human Services. To qualify you must be at least 65 years old or younger and disabled for two years. It has income and asset eligibility requirements. The MSP also has three different levels of benefits. Depending on a member's income, each of the levels helps pay certain costs of the Medicare Part A and Part B program.

For those who are not familiar with the Medicare program, Medicare Part A pays for hospital, hospice and skilled nursing facility benefits. Medicare Part B assists in paying for doctors, outpatient hospital care, therapy, ambulance and laboratory services. While the MSP program does not directly help with the cost of prescription drugs, everyone enrolled in the program qualifies for the “full” Low-Income Subsidy Program (LIS). This program provides “extra help” with the costs of the Medicare Part D prescription drug program with Federal funds and at no cost to the State.

MSP’s three different levels are referred to by their initials: QMB (Qualified Medicare Beneficiary), SLMB (Specified Low Income Beneficiary) and QI (Qualified Individual). The benefits in the QMB section are extensive. They include the costs of the goods and services delivered to the member as well as the member’s cost sharing expenses including premiums, deductibles, co-insurance and co-payments. The SLMB and QI levels cover just one cost. They pay the member’s monthly Part B premium. The Federal and State governments share the expenses of the QMB and SLMB benefit levels. The QI level is paid entirely by the Federal government.

This bill proposes to expand the QI level and reduce the SLMB level by recalculating the income eligibility limits. Those SLMBs whose incomes no longer qualify them for that level will become QIs. This will reduce the State share of the premium cost for the SLMB level. While the SLMBs will get the same benefit at the QI level the State will not be responsible for the expense.

While it’s difficult to believe that the State has the flexibility to tailor these eligibility changes, we agree with the sponsor and the other proponents that it is legally permissible to do so. If passed, the implementation of the changes will likely require final Federal approval in the nature of a State Plan Amendment. It’s reasonable to expect that these changes will not be in place until well into the second year of the biennium. If this estimate is confirmed, it should be reflected in an appropriate effective date for this initiative. The cost savings produced by these changes will significantly help cover the costs of eliminating the asset test.

Eliminating the asset test is a major goal of this proposed legislation. Since an asset requirement is a State option, the Maine MSP program did not have an asset test for many years. Unfortunately, due to budget constraints in 2013, rather than affecting a greater number of older adults by reducing

eligibility based on income, that legislature decided to impose an asset test to produce savings. As a result, a lesser number of MSP members lost their eligibility for the program.

We opposed the addition of this asset test at the time and support removing it now. It is contrary to the notion that people should be encouraged to save for their retirement and it penalizes older adults who have been able to do so. Most who have modest retirement savings have very low incomes. They will need those savings for expected and unexpected living expenses if they wish to stay in their homes for as long as possible during retirement. The cost of necessary home repairs like a new roof, heating systems, septic system or wells are major expenses. Once funds of that size are spent, they cannot be replaced easily or at all. Other challenges such as property taxes, medical expenses, fuel, auto repairs and other expenses are also difficult to meet without savings. Asset limits unnecessarily jeopardize those who have saved all their lives so that they could remain independent and age in place. That is a goal that benefits individuals, families, and the communities in which they live. We believe that it should be encouraged.

That concludes our comments. We hope that you agree to lend your support by voting ought to pass. Thank you for the opportunity to share our comments with you.