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April 20, 2023

**Testimony in Support of LD 1522: An Act to Provide Economic Justice to Historically Disadvantaged Older Citizens by Amending the Laws Governing the Medicare Savings Program**

Greetings Senator Baldacci, Representative Meyer and members of the Joint Standing Committee on Health and Human Services. I am Bridget Quinn, Associate State Director of Advocacy and Outreach for AARP Maine.

AARP is the nation's largest nonprofit, nonpartisan organization dedicated to empowering Americans 50 and older to choose how they live as they age. On behalf of our more than 200,000 members statewide, thank you for the opportunity to share testimony. Today, I am testifying in favor of LD 1522.

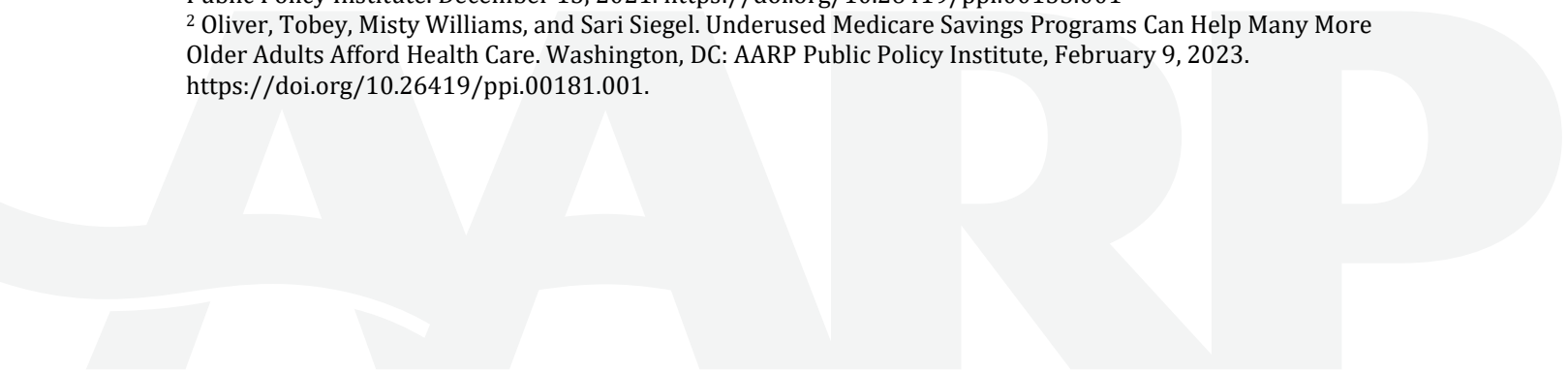
This bill, LD 1522, seeks to expand access to the Medicare Savings Programs (MSP). Medicare Savings Programs (MSPs) help low-income older adults pay Medicare premiums and other out-of-pocket costs. In Maine, 345,000 individuals depend on Medicare for access to health care services they need. Yet, many still struggle to pay medical bills and make the painful decisions to forgo care entirely. Out-of-pocket costs can add up quickly for many people with Medicare. An AARP Public Policy Institute analysis found that in 2018, people with traditional Medicare spent an average of \$6,168, nearly half of that went towards premiums.<sup>1</sup>

LD 1522 will increase access to the Medicare Savings Program by eliminating the asset test and changing the income eligibility methodology. Each of these is a worthy effort. It is critical to note that studies have shown that MSPs disproportionately help people of color, women, and individuals under age 65 with disabilities.<sup>2</sup> According to the Kaiser Family Foundation, "49 percent of MSP enrollees identify as non-Hispanic white, 21 percent as Black or African American, 19 percent as Hispanic, 7 percent as Asian/Pacific Islander, and

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<sup>1</sup> Noel-Miller, Claire. Medicare Beneficiaries' Out-of-Pocket Spending for Health Care. Washington, DC: AARP Public Policy Institute. December 15, 2021. <https://doi.org/10.26419/ppi.00155.001>

<sup>2</sup> Oliver, Tobey, Misty Williams, and Sari Siegel. Underused Medicare Savings Programs Can Help Many More Older Adults Afford Health Care. Washington, DC: AARP Public Policy Institute, February 9, 2023. <https://doi.org/10.26419/ppi.00181.001>.



1 percent as American Indian/Alaska Native.”<sup>3</sup>

The changes to the MSP eligibility proposed in LD 1522 have the opportunity to enable Mainers to tackle critical healthcare costs. AARP’s Public Policy Institute’s report *Underused Medicare Savings Programs Can Help Many More Older Adults Afford Health Care* highlights that states that have a larger share of Medicare beneficiaries in MSPs have taken action to expand programs by increasing income limits, removing the assets limits or both. For example, Maine has increased the income limits in the past and it delivered real relief to thousands of Mainers, in 2007 new income limits were implemented and roughly 13,500 Medicare beneficiaries gained MSP coverage.<sup>4</sup>

As of 2022, 10 states have eliminated an asset limit for MSP coverage. This will allow more individuals to be eligible for MSP programs but have a secondary benefit of saving on administrative costs. Alabama, Mississippi, and New York all have reported administrative savings in time and money from eliminating asset tests.<sup>5</sup>

We would like to raise to this committee an additional item for consideration which could be added to LD 1522. Medicare Savings Programs are historically, underutilized. A 2017 Urban Institute report estimated that, on average, only about half of the people eligible for MSPs nationally are signed up.<sup>6</sup> This is in part due to a lack of awareness among Medicare beneficiaries and barriers that make accessing the programs difficult for eligible Mainers. We would encourage this Committee to consider adding language that will increase the use of MSPs by eligible Mainers by making the application process easier and adding language that will increase outreach and education efforts.

Expanding eligibility to the Medicare Savings Program in Maine will deliver real support to Mainers who are currently struggling to cover their health-related expenses. We urge the committee to support LD 1522. Thank you for the opportunity to testify today. If you have questions for me, I can be reached at [bquinn@aarp.org](mailto:bquinn@aarp.org) or at 207-272-8563.

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AARP Maine

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<sup>3</sup> Meredith Freed, Juliette Cubanski, Anthony Damico, and Tricia Neuman, “Help with Medicare Premium and Cost-Sharing Assistance Varies by State,” April 20, 2022. <https://www.kff.org/medicare/issue-brief/help-with-medicare-premium-and-cost-sharing-assistance-varies-by-state/>

<sup>4</sup> Medicare Payment Advisory Commission (MedPAC), “Chapter 5: Increasing Participation in the Medicare Savings Programs and the Low-Income Drug Subsidy,” Report to Congress, March 2008, [https://www.medpac.gov/wp-content/uploads/import\\_data/scrape\\_files/docs/default-source/reports/Mar08\\_Ch05.pdf](https://www.medpac.gov/wp-content/uploads/import_data/scrape_files/docs/default-source/reports/Mar08_Ch05.pdf). A

<sup>5</sup> NCOA, “State Policies Can Streamline Access to Medicare Savings Programs for Low-Income Older Adults,” as cited in MACPAC, “Medicare Savings Programs: New Estimates.”

<sup>6</sup> Kyle J. Caswell and Timothy A. Waidmann, “Medicare Savings Program Enrollees and Eligible Non-Enrollees,” Urban Institute, June 2017, <https://www.macpac.gov/wp-content/uploads/2017/08/MSP-Enrollees-and-Eligible-Non-Enrollees.pdf>;