

# RUPRI Center for Rural Health Policy Analysis

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## **Eligible But Not Enrolled?** *Potential for Targeting Over a Half-Million Rural Medicare Beneficiaries for Enrollment in the Low-Income Subsidy Prescription Drug Program*

*Timothy D. McBride, PhD, Keith J. Mueller, PhD*

### **Introduction**

The Medicare Part D outpatient prescription drug program created significant opportunities for low-income Medicare beneficiaries to receive subsidies to participate in the program and lower their out-of-pocket costs for prescription drugs. Over 12.5 million beneficiaries are believed to be eligible (using estimates from the Centers for Medicare and Medicaid Services, CMS) for the low-income subsidy (LIS) program, and CMS estimates that over 80% of them have enrolled.<sup>1</sup> This suggests that considerably more Medicare recipients could enroll in the LIS program, lowering their out-of-pocket cost burden.

### **Key Findings**

- As of 2008, over 21% of Medicare recipients nationwide were enrolled in the LIS program.
- CMS estimates that an additional 516,500 rural persons and 1.2 million urban persons could be eligible for the LIS program but are not yet enrolled.
- These estimates, disaggregated, could help CMS partners (including state and county agencies) target counties with high likelihood of identifying and enrolling LIS-eligible beneficiaries.

### **The Medicare Prescription Drug Plan and Low-Income Subsidy**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (Public Law 108-173) (MMA) created the Medicare Part D outpatient prescription drug program. Under this program, low-income Medicare beneficiaries have several options to help them afford Part D insurance and the out-of-pocket costs. Medicare recipients who are dually eligible for Medicaid have significant assistance with premiums and cost sharing, while beneficiaries with income up to 150% of the federal poverty level are eligible for the Part D LIS program. Depending on the beneficiary's income, the program covers most of the beneficiary's premium and limits cost sharing to about \$5 per prescription.

As of January 2008, CMS estimated that 37.5 million persons had prescription drug coverage, and that 12.5 million persons were eligible for the LIS. In most states, roughly 15%-20% of the Medicare beneficiary population was enrolled in the LIS program in 2008, with 21.2% overall enrolled in the LIS program (Table 1 shows state-by-state totals).

**Table 1. State Enrollment in Medicare Part D Prescription Drug Plans and Low-Income Subsidy, 2008**

State	Part D Eligible	Total with Prescription Drug Coverage*	Total Part D and with Low-Income Subsidy	Percent with Prescription Drug Coverage	Percent of Total Medicare Beneficiaries with Part D and LIS	Percent of Part D Recipients with LIS
Alabama	794,170	691,227	223,873	87.0%	28.2%	32.4%
Alaska	57,827	47,329	14,123	81.8%	24.4%	29.8%
Arizona	848,034	728,174	151,059	85.9%	17.8%	20.7%
Arkansas	499,571	426,352	132,230	85.3%	26.5%	31.0%
California	4,407,441	3,844,890	1,151,602	87.2%	26.1%	30.0%
Colorado	564,253	485,763	91,305	86.1%	16.2%	18.8%
Connecticut	540,170	459,427	99,823	85.1%	18.5%	21.7%
Delaware	137,191	117,749	24,132	85.8%	17.6%	20.5%
D.C.	74,239	59,243	20,548	79.8%	27.7%	34.7%
Florida	3,151,715	2,712,095	588,556	86.1%	18.7%	21.7%
Georgia	1,123,763	949,579	290,386	84.5%	25.8%	30.6%
Hawaii	190,515	162,420	35,081	85.3%	18.4%	21.6%
Idaho	208,283	172,602	34,904	82.9%	16.8%	20.2%
Illinois	1,752,798	1,476,985	337,857	84.3%	19.3%	22.9%
Indiana	947,458	794,198	169,801	83.8%	17.9%	21.4%
Iowa	501,508	431,847	82,429	86.1%	16.4%	19.1%
Kansas	412,783	344,839	67,468	83.5%	16.3%	19.6%
Kentucky	715,037	605,946	192,758	84.7%	27.0%	31.8%
Louisiana	644,114	546,618	187,217	84.9%	29.1%	34.3%
Maine	248,248	199,230	81,512	80.3%	32.8%	40.9%
Maryland	730,525	603,111	121,704	82.6%	16.7%	20.2%
Massachusetts	1,003,321	848,430	243,275	84.6%	24.2%	28.7%
Michigan	1,551,570	1,312,528	268,807	84.6%	17.3%	20.5%
Minnesota	735,812	645,715	125,648	87.8%	17.1%	19.5%
Mississippi	471,110	402,096	159,999	85.4%	34.0%	39.8%
Missouri	952,110	815,141	194,923	85.6%	20.5%	23.9%
Montana	157,265	130,059	25,210	82.7%	16.0%	19.4%
Nebraska	268,451	236,756	43,748	88.2%	16.3%	18.5%
Nevada	321,668	270,540	46,858	84.1%	14.6%	17.3%
New Hampshire	200,348	155,595	31,501	77.7%	15.7%	20.2%
New Jersey	1,266,002	1,059,578	222,898	83.7%	17.6%	21.0%
New Mexico	287,395	244,066	67,122	84.9%	23.4%	27.5%
New York	2,860,851	2,403,204	721,725	84.0%	25.2%	30.0%
North Carolina	1,368,169	1,176,841	339,266	86.0%	24.8%	28.8%
North Dakota	105,405	94,068	17,495	89.2%	16.6%	18.6%
Ohio	1,812,939	1,567,112	314,205	86.4%	17.3%	20.0%
Oklahoma	568,388	475,725	122,182	83.7%	21.5%	25.7%
Oregon	571,135	480,725	95,307	84.2%	16.7%	19.8%
Pennsylvania	2,195,478	1,873,667	394,456	85.3%	18.0%	21.1%
Rhode Island	175,877	151,725	41,081	86.3%	23.4%	27.1%
South Carolina	702,584	601,332	169,978	85.6%	24.2%	28.3%
South Dakota	129,969	115,323	21,935	88.7%	16.9%	19.0%
Tennessee	980,209	847,357	284,669	86.4%	29.0%	33.6%
Texas	2,735,037	2,336,223	680,572	85.4%	24.9%	29.1%
Utah	256,511	214,500	33,672	83.6%	13.1%	15.7%
Vermont	102,652	87,488	25,710	85.2%	25.0%	29.4%
Virginia	1,055,919	873,556	199,720	82.7%	18.9%	22.9%
Washington	881,153	705,150	149,135	80.0%	16.9%	21.1%
West Virginia	368,891	319,376	87,104	86.6%	23.6%	27.3%
Wisconsin	860,935	658,860	138,303	76.5%	16.1%	21.0%
Wyoming	74,689	61,795	10,881	82.7%	14.6%	17.6%
Other#	627,358	491,306	9,413	78.3%	1.5%	1.9%
<b>TOTAL</b>	<b>44,198,844</b>	<b>37,515,459</b>	<b>9,385,166</b>	<b>84.9%</b>	<b>21.2%</b>	<b>25.0%</b>

Source: CMS Management Information Integrated Repository (MIIR) as of January 18, 2008.

\*Includes enrollees in stand-alone, dual eligible (Medicaid), Medicare Advantage plans; those receiving the Medicare subsidy through employer plans; those with other creditable coverage (e.g., FEHB, TRICARE, VA, active workers); 5.3 million beneficiaries who were auto-enrolled; and 2.6 million additional beneficiaries receiving the low-income subsidy.

#Other includes beneficiaries in the territories and whose address information is being updated.

## Eligible But Not Enrolled in the LIS Program

Using data from April 2008, CMS estimates that approximately 1.8 million beneficiaries were eligible for but not enrolled in the LIS program.<sup>2</sup> This estimate is derived by CMS for “targeting” LIS enrollees and is not a precise estimate of this target population, since CMS does not have a precise count of the number of persons who are eligible for the program in specific areas. Instead, these estimates were derived from a procedure that started with Medicare enrollment files, supplemented with Census Bureau data at the ZIP-code level, that were then used to estimate the percent of Medicare recipients eligible for the LIS benefit.<sup>3</sup>

Table 2 presents the estimates of how many of these persons not enrolled in the LIS program, but eligible, live in rural areas, as compared to urban areas. It is important to note that this is an estimate of the number of persons eligible for the Medicare prescription drug program and LIS subsidy, but not enrolled at the local level. CMS estimates

that in April 2008 there were almost 516,500 Medicare beneficiaries living in rural areas who were eligible but not yet enrolled in the LIS program, about 5.6% of the Medicare beneficiaries in rural areas. A slightly higher proportion of Medicare beneficiaries were estimated to be eligible but not enrolled in the LIS program in rural non-adjacent areas (5.8%) than in rural adjacent areas (5.2%). And the percentage of urban beneficiaries estimated to be eligible but not enrolled was significantly lower (3.7%).

Although no additional evidence regarding non-enrollment is available, hypotheses for why this might occur might be lack of information on the LIS program in rural areas, more limited proximity to Social Security Administration offices to enroll in the program and seek help, or a cultural reluctance in rural areas to participate in government subsidy programs. But more research on why Medicare beneficiaries do not enroll in the LIS program when eligible needs to be conducted.

**Table 2. Medicare Beneficiaries Eligible But Not Enrolled in the Low-Income Subsidy (LIS) Program**

	TOTAL	RURAL			Urban
		Total Rural	Rural Non-Adjacent	Rural Adjacent	
Total Medicare eligibles	43,370,911	9,154,091	2,223,610	6,930,481	34,216,820
Total not enrolled in LIS*	1,773,028	516,468	116,609	399,859	1,256,560
Percent not enrolled in LIS	4.09%	5.64%	5.24%	5.77%	3.67%

Source: CMS Office of the Actuary analysis, <http://www.cms.hhs.gov/Partnerships/Toolkits/itemdetail.asp?itemID=CMS1188820>.

\*Total is an estimate of the number of people in the United States who are potentially eligible for LIS and who have no Part D or other creditable coverage for prescription drugs at the county or ZIP code level. They are not exact counts of LIS-eligible people. In areas where few people live, the percentage density numbers are particularly prone to variability. To protect confidentiality, counties with fewer than 10 total beneficiaries and fewer than 10 beneficiaries in the target audience were suppressed. Wisconsin data may include some beneficiaries receiving prescription coverage through the state pharmacy plus program.

## Conclusions and Policy Implications

When the MMA was written, significant benefits were included for low-income persons (below 150% of the federal poverty level) to access the prescription drug benefit through reduced premiums, and significant protections were provided to protect them from burdensome out-of-pocket costs. To date, estimates suggest that almost 80% of the persons eligible for the LIS are participating in the program. However, despite significant efforts by CMS and its partners to enroll as many eligible persons as possible, this brief shows that 5.6% of rural Medicare beneficiaries and 3.7% of urban Medicare beneficiaries are estimated to be eligible for but not enrolled in the LIS program.

The numbers cited here are only estimates of the “target” population made by CMS and may or may not reflect the actual eligible-but-not-enrolled population. What is needed now is to (1) determine whether these estimates are reasonably accurate at the local level, and (2) if the estimates are accurate, put in place programs to enroll more Medicare beneficiaries in a program that could significantly benefit these beneficiaries and the providers who serve them. State tables with county-level estimates of the eligible-but-not-enrolled population and maps showing state-level estimates of this population are available on the RUPRI Center web site, <http://www.unmc.edu/ruprihealth/Pubs/StateMPD2008/statepdfs2008.html>. These hopefully can aid state and local agencies in the targeting effort at the local level and assist low-income beneficiaries.

## Notes

1. Summary available from the Centers for Medicare and Medicaid Services (CMS) at <http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/>.
2. Using data from January 2008, CMS estimated that 2.6 million out of the 12.5 million persons eligible for the LIS program were not enrolled, or roughly 20.8% of the LIS-eligible population. However this national estimate cannot be subdivided into urban and rural numbers without building from county-level data. Using data from April 2008 produced by CMS, we were able to build to urban and rural estimates by using county-level estimates. However, the estimates produced in April 2008 will differ from the national estimates for a range of reasons. For instance, some data was suppressed for confidentiality reasons—counties with fewer than 10 persons eligible but not enrolled are not reported. Further, the April 2008 estimates may reflect enrollment changes between January and April, as well as a range of other differences in methodology used to compute the estimates.
3. For a complete explanation of the estimation procedure, see Centers for Medicare and Medicaid Services, “2008 Low Income Subsidy (LIS) Targeting Spreadsheets: An Example of How the Spreadsheets Can Be Used,” available at <http://www.cms.hhs.gov/Partnerships/Toolkits/itemdetail.asp?itemID=CMS1188820>.

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*RUPRI Center for Rural Health Policy Analysis, University of Nebraska Medical Center, 984350 Nebraska Medical Center, Omaha, NE 68198-4350, (402) 559-5260, <http://www.unmc.edu/ruprihealth>*