

## **The Medicare Affordability and Enrollment Act of 2016**

### **Section-by-Section Summary**

#### **Section 1: Short Title**

#### **Section 2: Protecting against high out-of-pocket expenditures for Medicare fee-for-service benefits.**

For beneficiaries enrolled in fee-for-service Medicare, caps the total amount of out-of-pocket cost sharing (deductibles, coinsurance, copays) for Parts A and B at \$5,500 for 2018, increased or decreased in subsequent years by the percentage change in the Consumer Price Index (CPI). The cap applies only to covered services, and applies regardless of payer (that is, whether the out-of-pocket costs are paid by the individual or other insurance coverage).

#### **Section 3: Reducing cost-sharing, aligning income and resource eligibility tests, and simplifying enrollment for low-income beneficiaries.**

Increases financial assistance for partial dual-eligible beneficiaries—those who receive financial assistance through Medicare Savings Programs (MSPs)—by increasing the income level for Qualified Medicare Beneficiaries (QMBs) from 100 to 135 percent of FPL, and the income level for Specified Low-Income Medicare Beneficiaries (SLMBs) from 120 to 150 percent of the Federal Poverty Level (FPL), with additional funding to states at a 100 percent Federal Medical Assistance Percentage (FMAP) rate—all beginning in 2018. Aligns Medicare Low Income Subsidy (LIS) and MSP eligibility and resource tests by increasing the QMB, SLMB, and Qualified Disabled Working Individual (QDWI) resource standards to the Medicaid spousal impoverishment resource allowance standard and updates the partial and full LIS resource standard to the spousal impoverishment standard. Expands the state option for twelve month continuous eligibility for QMBs to SLMBs and QDWIs. Preserves states' ability to eliminate asset test requirements. Simplifies enrollment by giving states the option to use Express Lane and 12-month continuous eligibility for MSPs. Applies three month retroactive eligibility for QMBs as is already the case for SLMBs and Qualified Disabled Working Individuals (QDWIs).

#### **Section 4: Reducing Medicare cost-sharing for low-income beneficiaries.**

Beginning in 2018, reduces by half the amount of any coinsurance or copayments applicable to items and services furnished under Medicare Parts A and B for low-income beneficiaries—those whose income is between 135 and 200 percent of FPL and with savings and other resources below the level as determined according to the Medicaid spousal impoverishment resource allowance standard. Directs the Secretary of the Department of Health & Human Services to establish procedures to identify low-income individuals and notify providers and suppliers of their reduced cost-sharing liability at the time of payment. Increases payments to providers and suppliers in amounts equal to the amounts by which cost-sharing is reduced for low-income beneficiaries.

#### **Section 5: Eliminating the 24 month waiting period for Medicare coverage for people with disabilities.**

Eliminates the 2-year period that individuals with disabilities must wait under current law before their Medicare coverage begins.

**Section 6: Improving Medicare beneficiary enrollment procedures and effective dates of coverage.**

Beginning in 2017 for coverage effective in 2018, aligns the Medicare fee-for-service General Enrollment Period with the Open Enrollment Period for Medicare Advantage and Medicare Part D by moving it to October 15 through December 31 of each year. Authorizes the Secretary of the Department of Health & Human Services to establish special enrollment periods for exceptional circumstances—for example, a natural disaster. Eliminates the current coverage gaps between when a beneficiary enrolls in Medicare and when their coverage begins by specifying that coverage begins on the first day of the month after the enrollment month when a beneficiary enrolls during the fifth, sixth, or seventh month of their Initial Enrollment Period, or at any time during the General Enrollment Period. Limits the Part B late enrollment penalty to ten percent per month for twice as long as an eligible individual delayed Part B enrollment. For beneficiaries in Puerto Rico, applies the Part B deemed enrollment process, reduces by 85 percent certain beneficiaries' Part B late enrollment penalty, and creates a special enrollment period during which beneficiaries in Puerto Rico currently enrolled only in Medicare Part A could enroll in Part B.

**Section 7: Making premium and cost-sharing subsidies available to low-income Medicare Part D beneficiaries who reside in Puerto Rico or any other territory of the United States.**

Eliminates the exclusion of Part D eligible individuals residing in territories from eligibility for Medicare Part D premium and cost-sharing subsidies.

**Section 8: Extending funding for low-income Medicare beneficiary outreach and education activities.**

Permanently extends funding at current funding levels for low-income Medicare beneficiary outreach and education activities through State Health Insurance Assistance Programs (SHIPs), Area Agencies on Aging (AAAs), Aging and Disability Resource Centers (ADRCs), and the Contract with the National Center for Benefits and Outreach Enrollment. This funding will be adjusted annually for the percentage increase in CPI and the percentage increase in the average number of Medicare Part B beneficiaries.