



CREATE EQUITY IN MEDICAID ELIGIBILITY FOR SENIORS AND PEOPLE WITH DISABILITIES

Medicaid's roots were as a welfare program for poor families, children, seniors and people with disabilities. Even before the Affordable Care Act, New York took the lead on expanding Medicaid for families, children, and adults under 65, freeing these groups from the onerous restrictions of a welfare program. The ACA increased the income eligibility for these groups to 138 percent of the Federal Poverty Level (FPL) (**\$1482/mo. single** and **\$2,004/mo. couple** in 2021). Even before the ACA, NY also ended the asset test for these groups, recognizing that low-income people do not have significant assets. But NYS failed to address the inequity in Medicaid eligibility for seniors and people with disabilities, an eligibility category known as Aged Blind and Disabled or "ABD"). Their income limit in 2021 is only **\$884/mo. single** and **\$1300/mo. couple**, which amounts to only 84% FPL. They remain subject to welfare eligibility rules frozen in time since the 1960's. This creates a "Medicaid cliff" when someone eligible for Medicaid under the ACA turns 65 or obtains Medicare based on Social Security Disability. At the cliff, the Medicaid income limit drops drastically, and individuals are subject to the asset test that NY has retained for individuals covered through ABD eligibility standards.

Eliminating the inequity in eligibility due to age and disability status is crucial to reducing health disparities that have made COVID-19 disproportionately lethal for communities of color,¹ who are more likely to fall off the "Medicaid cliff" when they turn 65 or enroll in Medicare earlier based on disability. Other states have stepped up to reduce the eligibility disparities for seniors and people with disabilities, and are thereby addressing the huge racial disparities in health access. New York has fallen behind California and other states in covering seniors and people with disabilities, who were hard hit by COVID-19, particularly people of color. Now it's time to catch up and end the disabled and senior penalty.

New York can end the *Disabled and Senior Penalty* by expanding Medicaid income limits for Medicaid and the Medicare Savings Program and eliminating the asset test.

1. **Raise the Medicaid Income Level to 138% FPL for those Age 65+ and Adults with Disabilities** – It is time to fix the Medicaid ABD income limit so that all New Yorkers have the same access to Medicaid coverage. This level is still very low – annually only \$17,784 for singles, \$24,048 for couples.
2. **Eliminate the Asset Limit for Medicaid for Age 65+ and Adults with Disabilities** – New Yorkers covered under ABD eligibility standards are the only populations subject to a Medicaid asset test. People on Medicaid fall off the Medicaid cliff when they turn 65 or when they obtain Medicare due to a disability and become subject to the onerous Medicaid asset test.
3. **Increase Income Limits for the Medicare Savings Program to 200% of the FPL.** Medicare Savings Programs (MSPs) provide crucial financial support for low-income older adults and individuals with disabilities, helping to defray Medicare premium costs and covering coinsurance and other

costs. The MSP limit in New York is 100% FPL, or \$12,880 for a single individual. Raising the income limit to 200%, following Massachusetts and Connecticut, would enable low-income New Yorkers to use their Medicare benefits without accruing untenable debt.

Updating and expanding the Medicaid income and asset limits will directly address racial inequality.

The population of older New Yorkers and people with disabilities with monthly incomes below 138% FPL (\$1468/month) are disproportionately people of color. If people at this income level have savings, they are minimal and tend to be in cash rather than in a home or in retirement accounts. When reviewing assets, however, Medicaid counts cash but does not include the applicant's home and retirement accounts. Given the disparities in homeownership² and retirement savings³ between New Yorkers of color and white New Yorkers, this leads to racial inequities, as well as disparities for people with disabilities. The asset poverty rate in NY, defined as having three months of living expenses saved at the poverty level, varies dramatically by race.⁴

- NY has the highest asset poverty rate for Latinx households nationally – 53.4% compared to 17.2% for white households in NYS.
- NY has the sixth highest asset poverty rate nationally for households of color – 40.8% compared to 17.2% for white households.
- NY has the sixth highest rate for households with an adult with a disability – 47.4% compared to 25.3% for non-disabled households.

HELP PEOPLE LIKE JOSEFINA and LUCIA FROM FALLING OFF THE MEDICAID CLIFF

Josefina has Medicaid under the ACA at age 64 with Social Security of \$1,480/month. She will fall off the Medicaid cliff when she turns 65, requiring her to “spend down” \$576/mo. on medical expenses she cannot afford. This is the amount her income exceeds the Medicaid ABD limit. To keep Medicaid, now she must spend down her \$30,000 in savings to the Medicaid limit of \$15,900, putting her at risk of eviction, since she relies on her savings to meet expenses.

Her income is too high for a Medicare Savings Program, but with rent of \$1100, she cannot afford a Medigap policy to pay high out-of-pocket Medicare costs. Now she has to pay Medicare premiums, copayments, and deductibles, and does not have coverage for dental, vision, hearing and long term care. The Part B premium alone is nearly 10% of her income. EPIC can reduce her prescription costs, but won't help with any other medical costs.

Her friend Lucia, who will enroll in Medicare at age 50 because of disability, has the same income and will face all of the same hurdles. Plus she cannot enroll in EPIC until she is 65. Raising the Medicaid and Medicare Savings Program income limits would get her Extra Help with her prescription costs, reduce all of her Medicare out-of-pocket costs, and preserve access to vital Medicaid services not covered by Medicare.

¹ Bethany Bump, *COVID-19 took an unequal toll on communities of color. A study says structural racism is to blame*, Albany Times-Union, July 5, 2021, available at https://www.timesunion.com/news/article/COVID-s-unequal-toll-Yearlong-UAlbany-study-16294509.php?IPID=Times-Union-HP-CP-Spotlight&mc_cid=a0fd8de05a&mc_eid=0ed0ff1126.

² Stefanos Chen, *The Resiliency of New York's Black Homeowners*, New York Times, Aug. 17, 2021, available at <https://www.nytimes.com/2021/08/17/realestate/new-york-black-homeowners.html?referringSource=articleShare>. “From 2002 to 2008, the number of Black homeowners in the city dropped 10 percent... and there is evidence that the share dropped another 3 percent by 2017.”

³ Kelly Anne Smith, *America's Racial Wealth Gap In Retirement Savings*, Forbes, 9/1/2020, available at <https://www.forbes.com/advisor/retirement/retirement-racial-wealth-gap/>

⁴ Prosperity Now Scorecard, available at <https://scorecard.prosperitynow.org/data-by-issue#finance/outcome/asset-poverty-rate>.