



Highlights of [GAO-07-858T](#), a testimony before the Senate Committee on Finance

Why GAO Did This Study

To help the elderly and disabled with prescription drug costs, the Congress passed the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003, which created a voluntary outpatient prescription drug benefit (Medicare Part D). A key element of the prescription drug benefit is the low-income subsidy, or “extra help,” available to Medicare beneficiaries with limited income and resources to assist them in paying their premiums and other out-of-pocket costs.

To assess Social Security Administration’s (SSA) implementation of the Medicare Part D low-income subsidy, GAO was asked to review (1) the progress that SSA has made in identifying and soliciting applications from individuals potentially eligible for the low-income subsidy, and (2) the processes that SSA uses to track its progress in administering the subsidy.

This statement is drawn from GAO’s ongoing study for the committee on the Medicare Part D low-income subsidy, which is expected to be published at the end of May. To conduct this work, GAO reviewed the law, assessed subsidy data, and interviewed officials from SSA, the Centers for Medicare and Medicaid Services, the Internal Revenue Service, state Medicaid agencies, and advocacy groups.

www.gao.gov/cgi-bin/getrpt?GAO-07-858T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barbara Bovbjerg at (202) 512-7215 or bovbjergb@gao.gov.

MEDICARE PART D LOW-INCOME SUBSIDY

Progress Made in Approving Applications, but Ability to Identify Remaining Individuals Is Limited

What GAO Found

SSA approved approximately 2.2 million Medicare beneficiaries for the low-income subsidy as of March 2007, despite barriers that limited its ability to identify individuals who were eligible for the subsidy and solicit applications from them. However, the success of SSA’s outreach efforts is uncertain because there are no reliable data to identify the eligible population. SSA officials had hoped to use Internal Revenue Service (IRS) tax data to identify the eligible population, but the law prohibits the use of such data unless an individual has already applied for the subsidy. Even if SSA could use the data, IRS officials question its usefulness. Instead, SSA used income records and other government data to identify 18.6 million Medicare beneficiaries who might qualify for the subsidy, which was considered an overestimate of the eligible population. SSA mailed low-income subsidy information and applications to these Medicare beneficiaries and conducted an outreach campaign of 76,000 events nationwide. However, since the initial campaign ended, SSA has not developed a comprehensive plan to distinctly identify its continuing outreach efforts apart from other agency activities. SSA’s efforts were hindered by beneficiaries’ confusion about the distinction between applying for the subsidy and signing up for the prescription drug benefit, and the reluctance of some potential applicants to share personal financial information, among other factors.

SSA has collected data and established some goals to monitor its progress in administering the subsidy, but still lacks data and measurable goals in some key areas. While SSA tracks various subsidy application processes through its Medicare database, it has not established goals to monitor its performance for all application processes. For example, SSA tracks the time for resolving appeals and the outcomes of its initial redeterminations of subsidy eligibility, but does not measure the amount of time it takes to process individual redetermination decisions. According to SSA officials, implementing the low-income subsidy was manageable overall due to increased funding for the outreach and application processes and did not significantly affect the agency’s workload and operations.

GAO is considering recommendations for SSA to work with IRS to assess the extent to which taxpayer data could help identify individuals who might qualify for the subsidy, and help improve estimates of the eligible population; and for SSA to develop a plan to guide its continuing outreach efforts and develop key management tools to measure the results of its subsidy application processes.