



BY EMAIL TO:

Speaker Krowinski, jkrowinski@leg.state.vt.us,
Chair Houghton, LHoughton@leg.state.vt.us,
Chair Lanpher, dlanpher@leg.state.vt.us

March 11, 2024

RE: Support for most inclusive option for Vermont's Medicare Savings Program Expansion (H.721)

Dear Speaker Krowinski, Chair Houghton, and Chair Lanpher:

We are a diverse coalition of advocacy groups, non-profits, trade groups and businesses who are united in our support of the Medicare Savings Program section of H.721. We are in support of the most inclusive option under consideration which will raise the limit for QMB to 190%, SLMB to 110% and QI-1 to 225% of the federal poverty level. This proposal is designed to draw down federal monies to support a very vulnerable group of Vermonters. This option will significantly benefit older adults and people with disabilities who currently receive the least amount of financial help for health care compared to any other population. At the same time, this investment will ensure a more reliable source of reimbursement for providers, while making more efficient use of the state's limited budget for health and human service programs.

By investing a total of \$15 - \$18 million from the General Fund (starting in January 2026), the State would draw down significant federal monies resulting in an estimated \$99 million in annual savings and benefits to older and disabled Vermonters.

Specifically, this investment would extend eligibility for the Medicare Savings Program (MSP) to an additional **19,217 Vermonters on January 1, 2026** by increasing the income eligibility level to 225% of the federal poverty level. The resulting savings and benefits would be substantial and have an immediate impact. Fully funding the MSP expansion would:

- **Return \$40.3 million to the pockets of Vermonters each year via Medicare Part B premium savings.** Under H.721, 19,217 Vermonters would newly qualify to have the MSP pay their monthly Medicare Part B premium (\$174.70/month). This would mean that the Social Security Administration (SSA) would stop deducting the Part B premium from their monthly Social Security check, allowing an individual to keep \$2,096 of income each year to spend on other basic needs, like housing, food, and medicine. This would constitute a **significant, largely federally funded, cash infusion** directly into the pockets of low-income older and disabled Vermonters.
- **Save an estimated \$5.8 million by eliminating the Medicare Part A and B deductibles and cost-sharing.** In the most sweeping expansion of universal health coverage to Vermonters since the implementation of the Affordable Care Act, 17,242 individuals would no longer have out-of-pocket costs at the doctor or hospital. For the first time, they would be able to get the health care services they need, when they need them, and providers would be assured of payment.
- **Provide a prescription benefit for the first time to 9,972 people at an estimated value of \$52.9 million.** These Vermonters are not enrolled in the state's pharmacy program (VPharm) and currently pay their Medicare Part D prescription drug plan premiums, deductible, and cost-sharing out-of-pocket. H.721 would make them eligible for the MSP and, as a result, automatically eligible for the 100% federally funded Low Income Subsidy (LIS) / Extra Help prescription benefit. LIS pays the Medicare Part D premium, deductible, and lowers co-pays significantly for eligible individuals. The SSA estimates the annual value of this benefit at an average of \$5,300 per person.
- **Optimize use of scarce state dollars by shifting the entire VPharm population onto the federal Low Income Subsidy (LIS) / Extra Help program.** The State currently shoulders the bulk of costs associated with providing prescription help to Vermonters who are enrolled in VPharm 2 & 3. The state receives no federal match for providing Medicare Part D assistance to this population. Additionally, the state collects premiums from enrollees (\$240 or \$600 per person annually, depending on household income), remitting 58% of those dollars to the federal government, and leaving low-income households with even less money in their pockets to afford necessities like food, housing, and medicine.

By expanding its current MSP, Vermont can largely shift the costs of pharmacy assistance off the state and onto the 100% federally funded LIS program. Not only is this a more efficient use of state funds, but it will mean Vermont's entire pharmacy assistance program population will be eligible for the additional benefit of \$2,096 annual savings (see first bullet – Medicare Part B premium savings).

Many states, including Connecticut, Maine, New York, and Indiana, have already recognized the compelling logic of expanding their MSP and enacted changes to benefit their residents, providers, and the state budget. For these reasons and more, we strongly urge you to support the most inclusive option for the Medicare Savings Program expansion in H.721.

Sincerely,

Vermont Legal Aid - The Office of the Health Care Advocate

Vermont Association of Area Agencies on Aging

Disability Rights Vermont

the Vermont Alzheimer's Association

AARP Vermont

The Vermont-National Education Association

League of Women Voters of Vermont

The Vermont Workers' Center

The Bi-State Primary Care Association

Vermont Medical Society

Vermont Commission on Women

Vermont Businesses for Social Responsibility

Vermont Association of Hospitals and Health Systems

Blue Cross Blue Shield of Vermont