ASPE ASSISTANT SECRETARY FOR PLANNING AND EVALUATION | OFFICE OF HEALTH POLICY

ISSUE BRIEF

HP-2024-01

Medicare Enrollees and the Part D Drug Benefit: Improving Financial Protection through the Low-Income Subsidy

The Inflation Reduction Act's (IRA) expanded financial assistance in Medicare's Low-Income Subsidy (LIS) Program would have benefited nearly 461,000 Partial LIS enrollees had the provision been in effect in 2020. An additional 2.9 million Part D enrollees who were eligible but not enrolled in LIS would also have benefited from the program. More than 661,000 beneficiaries without any drug coverage were also likely eligible, but not enrolled, in LIS in 2020.

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KEY POINTS

- Medicare Part D's Low-Income Subsidy (LIS) program provides additional financial assistance for enrollees who meet certain income and limited resource qualifications to lower the cost of Part D prescription drug coverage. The Inflation Reduction Act (IRA) expanded eligibility for the more generous Full LIS benefit to certain individuals with limited resources and who earn less than 150 percent of the federal poverty level beginning in 2024.
- If the IRA's expansion of the full LIS benefit occurred in 2020, 461,000 Partial LIS enrollees would have had the Full LIS benefit, with Texas, Florida, and California having the largest increases.
- In 2020, 3.6 million Medicare enrollees did not receive LIS but were potentially eligible:
  - There were 2.9 million Medicare enrollees with Part D coverage whose income and resources were within either Full or Partial LIS range who had not taken up the LIS benefit.
  - Among Medicare enrollees without prescription drug coverage in 2020, over 661,000 were estimated to be eligible for LIS based on income and resource qualifications.
- Compared to those covered by either Partial or Full LIS benefit, those likely eligible but not enrolled were older and less likely to be eligible for Medicare because of a disability.
- Enrollees eligible but not enrolled for either Full or Partial LIS benefit were more likely to be White and less likely to be Hispanic than those enrolled in LIS.
- Compared to all other enrollment groups, those eligible but not enrolled in LIS were the least likely to live in Urban areas and were more likely to live in Rural areas.
- LIS enrollees had lower incomes but greater resources than those who were eligible but not enrolled.
- Partial and Full LIS enrollees used more health care than other Medicare enrollees.

- Individuals without prescription drug coverage who were likely eligible for LIS used less health care, had less spending, and said they were healthier than other Medicare enrollees.
- Medicare Improvements for Patients and Providers Act (MIPPA) funding helps over one million Medicare enrollees through outreach and enrollment efforts. Sustained funding for outreach and enrollment could help extend Part D and LIS financial protections to the estimated 6.6 million Medicare enrollees who either lack prescription drug coverage (3.7 million, of whom about 661,000 are eligible for LIS) or are enrolled in Part D and eligible but not enrolled in LIS (2.9 million).

BACKGROUND

The Medicare Part D Low-Income Subsidy (LIS) program, also known as Extra Help, covers some or all Part D drug costs, including Part D premiums, deductibles, and copayments. LIS also eliminates the Part D late enrollment penalty if an individual delays Part D enrollment.[a]

Prior to 2024, eligibility for LIS was based on several qualifications. In 2023, if the individual's income was less than 135% of the federal poverty level (FPL) ($19,683 for an individual or $26,622 for a married couple in 2023) and they had limited resources (under $9,090 for an individual; under $13,630 if married), they were eligible for Full LIS. Individuals eligible for Full LIS have no deductible or premiums required for their prescription drug coverage. Copays and out-of-pocket cost-sharing for Full LIS enrollees was limited to no more than $10.35 for branded drugs. Other enrollees qualified via categorical eligibility. Individuals with dual enrollment in Medicare and Medicaid, receipt of Supplemental Security Income (SSI), or eligibility for a Medicare Savings Program (MSP[b]), were eligible for LIS regardless of their income and resources and are automatically enrolled in LIS.

Individuals who met slightly higher income (above 135% but less than 150% of FPL – $21,870 for an individual and $29,580 for married couples) and the limited resource qualifications ($15,160 for an individual and $30,240 for married couples) received Partial LIS benefits. This provided less generous financial protections, ensuring that enrollees paid no more than 15% coinsurance for prescription drugs. Partial LIS enrollees also faced a deductible. The financial protections of the LIS program led to substantially lower out-of-pocket costs for enrollees. For instance, in 2020, average annual per enrollee Part D out-of-pocket prescription drug spending was $461 for non-LIS enrollees and $93 for LIS enrollees.[1]

The Inflation Reduction Act (IRA) expanded the LIS program by expanding the full subsidy and sunsetting the partial subsidy. Beginning in 2024, individuals with incomes less than 150% FPL ($22,590 for an individual or $30,660 for a married couple in 2024) who meet the resource qualifications ($15,720 for individuals, $31,360 for married couples) are eligible for Full LIS benefits. Estimates suggest that these individuals will save over $300 on average in out-of-pocket spending on prescription drugs.[2]

In 2020, there were nearly 66 million Medicare enrollees, 50.1 million (75.9%) of whom were enrolled in Part D. Among Part D enrollees, 13.8 million (27.6% of all Part D enrollees) received Full LIS, while another 461,000 enrollees (0.9% of all Part D enrollees) received Partial LIS benefits. The IRA's expansion of eligibility for the Full

[a] For eligible enrollees whose income and resources are limited, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 established the low-income subsidy to help pay for prescription drugs. Subsidies are paid by the Federal government to drug plans and provide eligible individuals assistance with premiums, deductibles, and copayments. See https://www.ssa.gov/medicare/part-d-extra-help.

[b] The Medicare Savings Program provides Part A and B premium assistance for individuals with low incomes and limited assets.

LIS benefit will eliminate most out-of-pocket (OOP) drug costs and premiums for these Partial LIS enrollees. Among other benefits, this may lead to improved medication adherence.[3]

Beyond increasing benefits for current Partial LIS enrollees, the IRA's benefit expansion makes the LIS program more beneficial for individuals who are likely eligible but not enrolled. This may lead to increased take-up of the LIS benefit among the 2,892,000 individuals who have Part D coverage and are likely eligible for LIS but not enrolled. Additionally, the increased financial protections may also induce some of the 661,396 individuals without drug coverage who are otherwise likely eligible for LIS to take up Part D and the LIS benefit.

Understanding how the expansion of LIS under the IRA would have looked in 2020 can help the Centers for Medicare & Medicaid Services (CMS) and Part D plans to better anticipate changes to the program resulting from the subsidy expansion. Existing outreach efforts administered by the Administration for Community Living (ACL) and its grantees (funded through MIPPA) could be bolstered to ensure potential enrollees are aware of new benefit expansions. In addition, some beneficiaries currently eligible for LIS but not enrolled may have greater financial incentive to apply for the benefit. Understanding more about the characteristics of likely eligible but not enrolled individuals could help CMS, ACL, other government agencies such as the Social Security Administration (SSA),[c] as well as Part D plans better target LIS enrollment outreach initiatives.

To help facilitate this, we provide estimates of the enrollees currently receiving LIS and their characteristics, as well as enrollees who are not enrolled but appear to be eligible based on income and resources. We provide comparisons of demographic, financial, health status, and health care utilization measures across different groups of enrollees.

METHODS

The analysis relies on three data sources: the Common Medicare Environment (CME), the Medicare Beneficiary Summary File (MBSF) and the Medicare Current Beneficiary Survey (MCBS) for 2020. The CME data is the authoritative source for identifying Medicare enrollment and their demographic characteristics, as well as utilization among the Fee-for-Service (FFS) population.[d] However, the CME does not capture data outside of the Medicare program such as income, and therefore cannot identify potential LIS enrollees or those with other sources of prescription drug coverage. The MBSF was used to identify utilization and spending measures for the FFS population.

The MCBS is a nationally representative survey of Medicare enrollees. Because the MCBS includes information on income and assets, it can be used to estimate whether individuals who are not enrolled in LIS are eligible for the program. The survey also provides information on alternative sources of prescription drug coverage that enrollees might have as well as important characteristics that are not captured in administrative data, such as self-reported health and marital status.

Full LIS enrollees (13,800,000) and Partial LIS enrollees (461,000) in 2020 are identified using CME data. While LIS enrollment can be identified from either the MCBS or the CME, we focus on total estimates from the CME, as administrative data is likely to be more accurate in identifying actual LIS take-up given that MCBS represents survey estimates. Our estimate of Partial LIS enrollment differs somewhat from other estimates.[4] We use a

[c] Recent efforts to encourage enrollment in LIS include an FY2023 targeted mailing by the Social Security Administration to 1.2 million Medicare enrollees who may eligible for the program. See https://www.hhs.gov/about/news/2023/06/12/fact-sheet-biden-harris-administration-announces-new-tools-lower-prescription-drug-costs-low-income-seniors-people-disabilities.html. Data on mailers sent out by SSA are available here: https://www.ssa.gov/open/data/medicare-mailings-by-zipcode.html

[d] Encounter data for the Medicare Advantage population was not available, and thus, these utilization data only includes FFS utilization.

measure of ever-enrolled in a given year, versus other estimates[e] that report either monthly counts or annual person-months.

We use MCBS and its income and asset information to identify Part D enrollees who were eligible but not enrolled in Full LIS (1,816,000) or Partial LIS (1,076,000) in 2020.

Similarly, MCBS is used to estimate the number of Medicare enrollees without any prescription drug coverage (3.7 million). This included an estimated 661,000 or one percent of Medicare enrollees who could sign up for Part D and were potentially eligible to for Full LIS (496,000) or Partial LIS (165,000). These enrollees are identified as those without any reported LIS or Part D enrollment in administrative data for the full year, and no prescription drug coverage through Part D, the retiree drug subsidy, or other public and/or private coverage in MCBS.

Measures of utilization are calculated for the FFS population represented in the CME data. Utilization is grouped into measures of inpatient stays (including acute and other inpatient stays, skilled nursing facility, and hospice); visits (including emergency room, hospital outpatient, and home health visits); and events (including ambulatory surgery center use, Part B drugs, evaluation and management, testing and all other utilization measures). Expenditures included all Medicare spending for the individual. Measures of utilization and expenditure are restricted to the continuously enrolled FFS population with both Parts A and B coverage during the year. Chronic conditions are identified from the Chronic Conditions Warehouse (CCW) using existing flags, which includes both inpatient (Part A) and outpatient (Part B) diagnoses.

Rurality is based on the enrollee's residential ZIP code. If a ZIP code is assigned to a metropolitan Core Based Statistical Area (CBSA), it is considered urban; if it is assigned to a micropolitan CBSA, it is considered rural-micropolitan; if the ZIP code could not be assigned to a CBSA it is considered rural-other; and lastly if the ZIP code is invalid or could not be found, it is considered unknown. Race and ethnicity are identified using the Research Triangle Institute (RTI) race code from the CME. Measures obtained from MCBS that were not available in administrative data are estimated using the appropriate statistical weights to generalize to the overall Medicare population.

To better understand the characteristics of Medicare enrollees who may benefit from the additional financial protection from the IRA's provision on LIS, we examine the characteristics of six Medicare populations:

- Those with Full LIS
- Those with Partial LIS
- Those with Part D who were not enrolled but were eligible for Full LIS
- Those with Part D who were not enrolled but were eligible for Partial LIS
- Those without prescription drug coverage who were otherwise eligible for Full LIS
- Those without prescription drug coverage who were otherwise eligible for Partial LIS

Our analysis estimates the number and characteristics of beneficiaries who would have benefitted from the IRA's expansion of LIS if it were in effect in 2020. (Available data sources are presented in Table A-2)

[e] See https://data.cms.gov/summary-statistics-on-beneficiary-enrollment/medicare-and-medicaid-reports/medicare-monthly-enrollment/data

FINDINGS

If the IRA's LIS eligibility expansion was in effect in 2020, nearly 461,000 enrollees who previously received Partial LIS benefits would have received Full LIS benefits. MCBS estimates suggest that the expanded LIS benefits would have been more beneficial to the 1.1 million Part D enrollees eligible but not enrolled in Partial LIS, and the 165,000 enrollees without any drug coverage who were eligible for Partial LIS (Table 1). A total of 6.6 million enrollees either lacked prescription drug coverage or were eligible but not enrolled for LIS. The number of enrollees gaining enhanced benefits would have been largest in Texas (41,000), Florida (34,000), and California (30,000). (Table A-1)

Table 1. Enrollee Distribution by Category, 2020

Utilization Characteristics	Medicare Population	(%)
Medicare Population	65,996,055	100.0
Enrolled in Part D	50,082,224	75.9
Enrolled in Full LIS	13,815,771	20.9
Would Automatically Benefit From LIS Expansion		
Enrolled in Partial LIS	460,537	0.7
Would Potentially Benefit From LIS Expansion & Outreach		
Part D, Eligible for Full, Not Enrolled	1,816,210	2.8
Part D, Eligible for Partial, Not Enrolled	1,075,897	1.6
No Drug Coverage, Total	3,730,294	5.7
No Drug Coverage, Eligible for Full	495,973	0.7
No Drug Coverage, Eligible for Partial	165,423	0.3

Notes: ASPE analysis of data from Medicare CME and MCBS, 2020. Enrollee groups are considered to benefit from the LIS expansion if the value of the benefit increases for them (e.g., those enrolled in Partial LIS) or if increased outreach may lead them to take-up the LIS benefit or Part D coverage. No drug coverage indicates that beneficiaries lack any retail prescription drug coverage.

Characteristics of Enrollees Who Would Have Benefited from the IRA's LIS Expansion in 2020

Partial LIS enrollees were different across a variety of demographic characteristics compared to Full LIS enrollees. They were less likely to be enrolled in FFS (32.8% vs 43.6%), were less likely to be under age 65 (40.8% vs 27.9%), and they were more likely to be White (67.5% vs 51.9%). Partial LIS enrollees had higher income (15.3% were below 100% FPL vs 58.9% of Full LIS enrollees) and more in assets ($18,449 vs $8,142). (Table 2)

Some measures of utilization were lower for Partial LIS beneficiaries than Full LIS enrollees, and so was Medicare spending ($19,324 vs $25,521) while out-of-pocket spending was similar among the groups. Surprisingly, self-reported high cholesterol was higher among Partial LIS enrollees, while chronic conditions identified from the CCW were generally similar. Partial LIS enrollees were more likely to have received a pneumonia or flu shot. Partial LIS enrollees were less likely to say they were in poor health (6.5%) compared to Full LIS enrollees (11.0%). (Tables 3 and 4) Notably, while rates of CCW conditions were similar, existing work has found that take-up of lung cancer treatment is greater in the Full vs Partial LIS population due to high out-of-pocket cost.[3]

Partial LIS enrollees comprised over one percent of the total Medicare population in seven states: Kentucky, Arkansas, North Carolina, Tennessee, West Virginia, Alabama, South Carolina. (Table A-1)

Taken together, these results suggest that Partial LIS enrollees were healthier than Full LIS enrollees and may have had fewer health care needs. Because out-of-pocket spending was relatively similar between these two groups, the IRA's benefit expansion will offer valuable benefits to Partial LIS enrollees.

Characteristics of LIS-Eligible Enrollees with Part D Coverage Who are not Enrolled in LIS in 2020

There were 2.9 million enrollees who had Part D coverage in 2020 and were eligible for Full LIS (1.8 million) or Partial LIS (1.1 million) but were not enrolled in LIS.

These individuals were generally less likely to be covered through FFS Medicare (as compared to Medicare Advantage), with only 37.0% and 34.5% (among Full and Partial-eligible, respectively) being enrolled in FFS, compared to 46.8% for the overall Medicare population. Full LIS eligible individuals were disproportionately female (66.3%), and less likely to be White as compared to the overall Medicare population. Among the Full LIS eligible, 25.8% were eligible for Medicare due to a disability, while 30.3% of those eligible for Partial LIS were eligible for Medicare due to a disability. These rates were similar to the overall Medicare population (Table 2).

Those eligible for Full LIS tended to have income below 100% FPL (40.9% of individuals), while those eligible for Partial LIS were predominantly between 135% and 200% FPL (88.8%). Both those eligible for Full and Partial LIS had less in assets ($2,483 and $5,325, respectively) than most other enrollment groups (Table 3).

With respect to health care utilization, individuals eligible but not enrolled for either Full or Partial LIS appeared to use similar or less care than other groups. For both the Full and Partial LIS eligible Medicare spending ($8,169 and $13,571, respectively) and out-of-pocket spending ($1,871 and $2,861, respectively) were lower than for other enrollee groups (Table 4).

Both Full and Partial LIS eligible enrollees had higher receipt of flu or pneumonia vaccines than other enrollment groups. While rates of CCW-based health conditions were similar to other groups, Full and Partial LIS eligible enrollees were less likely to say that they were in excellent health (7.9% and 6.9%, respectively) as compared to the overall Medicare population (Table 3).

While low health care utilization among the LIS-eligible but not enrolled population may suggest less health care needs than other groups, the similar rates of CCW-based chronic conditions and lower rates of self-reported "excellent" health status may indicate potentially unmet medical need and limited access to care due to cost or other barriers. Take-up of the LIS benefit among these enrollees could improve access to care.

Characteristics of LIS-Eligible Enrollees without Prescription Drug Coverage in 2020

Of the 66.0 million Medicare enrollees in 2020, 5.7% (3.7 million) lacked any prescription drug coverage. Of these, 496,000 were likely eligible for Full LIS coverage and 165,000 were likely eligible for Partial LIS coverage. While these enrollees wouldn't have directly benefited from the IRA's expansion of LIS, a more generous LIS program could have induced some enrollees to take-up Part D and LIS.

Among those without prescription drug coverage but eligible for Full LIS, 37.9% were below age 65, similar to those enrolled in Full LIS (40.8%). Both Full and Partial eligible enrollees without drug coverage were disproportionately enrolled in FFS (60.8% and 51.8%, respectively). Compared to all other enrollment groups, these enrollees also were the least likely to live in Urban areas and were more likely to live in either Rural-Micropolitan or other Rural areas. (Table 2)

Those without prescription drug coverage who were eligible for Full LIS had more in assets than other Full LIS enrolled or eligible groups ($14,552 on average). Both Full and Partial LIS eligible were most likely to be eligible

for Medicare based on age rather than disability or other criteria (69.3% and 75.8%, respectively). Furthermore, with the exception of hypertension among Partial LIS eligible individuals (34.8%), these enrollees generally appeared healthier than other Medicare enrollees similar or lower rates of chronic conditions, less in Medicare and out-of-pocket spending, and a high rate of self-reported "excellent" health status (16.8% for those eligible for Full LIS and 20.8% for those eligible for Partial LIS). (Tables 3 and 4)

While those without prescription drug coverage appear somewhat healthier than other enrollees, there are likely many reasons why these individuals chose to not take-up Part D or other prescription drug coverage. This may include choice overload or a perceived lack of affordable options.[5, 6] In particular, if individuals are unaware of the premium and deductible waivers available through Full LIS, they may underestimate the affordability of the benefit.

Table 2. Demographic Characteristics of Medicare Enrollees by Coverage Category, 2020

Characteristic	Medicare Population	Full LIS	Partial LIS	Part D, Eligible for Full, Not Enrolled	Part D, Eligible for Partial, Not Enrolled	No RX, Total	No RX, Eligible for Full	No RX, Eligible for Partial
Population	65,996,055	13,815,771	460,537	1,816,210	1,075,897	3,730,294	495,973	165,423
Fee-for-service Medicare	46.8%	43.6%	32.8%	37.0%	34.5%	68.2%	60.8%	51.8%
Age								
<45	3.0%	10.6%	2.0%	2.9%	0.9%	3.4%	4.9%	1.5%
45-64	15.7%	30.2%	25.9%	12.8%	18.8%	14.2%	33.0%	7.1%
65-74	47.9%	32.6%	38.0%	38.9%	35.2%	50.3%	38.6%	63.3%
75-84	23.9%	17.6%	24.0%	30.9%	32.3%	22.2%	17.0%	15.4%
>=85	9.5%	9.0%	10.1%	14.6%	12.7%	9.9%	6.5%	12.8%
Sex								
Male	45.7%	40.9%	39.4%	33.7%	40.2%	63.4%	56.9%	57.8%
Female	54.1%	59.1%	60.6%	66.3%	59.8%	36.6%	43.1%	42.2%
Geography								
Urban	81.9%	81.7%	77.1%	74.2%	78.5%	71.1%	66.2%	60.4%
Rural-Micropolitan	9.9%	10.4%	12.9%	13.8%	13.2%	20.3%	25.4%	14.7%
Rural-Other	7.2%	7.8%	9.9%	12.0%	8.2%	8.5%	8.4%	24.9%
Race/Ethnicity								
Non-Hispanic White	72.9%	51.9%	67.5%	63.2%	75.1%	78.4%	73.4%	71.6%
Black	10.5%	20.6%	16.4%	20.7%	10.0%	8.4%	16.7%	6.8%
Other	0.9%	0.7%	0.6%	0.6%	1.5%	0.8%	0.0%	0.0%
Asian/Pacific Islander	3.6%	6.3%	2.5%	0.8%	3.9%	1.6%	1.2%	0.0%
Hispanic	9.6%	18.1%	12.0%	12.6%	8.9%	7.4%	7.0%	14.4%
American Indian/Alaskan Native	0.4%	0.8%	0.4%	0.8%	0.0%	0.9%	1.7%	3.2%
Unknown	2.1%	1.5%	0.6%	1.3%	0.6%	2.5%	0.0%	4.0%
Federal Poverty Level								
FPL <=100%	15.1%	58.9%	15.3%	40.9%	2.0%	8.7%	47.2%	12.8%
FPL >100-120%	5.8%	16.6%	22.9%	33.7%	4.5%	6.6%	31.5%	0.0%
FPL >120-135%	3.5%	6.9%	25.9%	25.4%	4.6%	4.4%	13.8%	0.0%
FPL >135-200%	16.0%	11.5%	30.3%	0.0%	88.8%	24.9%	0.6%	87.2%
FPL >200%	59.5%	6.2%	5.6%	0.0%	0.0%	55.4%	6.8%	0.0%
Average Assets	$229,152	$8,142	$18,449	$2,483	$5,325	$205,395	$14,552	$3,189
Original Reason for Medicare Enrollment								
Aged	77.4%	47.9%	53.0%	73.6%	68.1%	75.6%	69.3%	75.8%
Disabled	22.0%	50.8%	46.1%	25.8%	30.3%	24.4%	30.7%	24.2%
ESRD	0.3%	0.8%	0.4%	0.5%	0.8%	0.0%	0.0%	0.0%
Disabled & ESRD	0.2%	0.5%	0.5%	0.1%	0.8%	0.0%	0.0%	0.0%

Notes: ASPE analysis of data from Medicare CME and MCBS, 2020. Where the rate of missing for a variable was <1%, we excluded those from reporting. "No RX" indicates that individuals reported no retail prescription drug coverage of any kind in MCBS. "Part D" indicates that individuals are enrolled in Part D.

Table 3. Health Conditions of Medicare Enrollees by Coverage Category, 2020

Health Conditions	Medicare Population	Full LIS	Partial LIS	Part D, Eligible for Full, Not Enrolled	Part D, Eligible for Partial, Not Enrolled	No RX, Total	No RX, Eligible for Full	No RX, Eligible for Partial
High Cholesterol ever?	58.1%	53.4%	72.3%	59.5%	47.7%	30.1%	30.1%	50.0%
Flu shot for last winter?	58.7%	43.9%	58.8%	67.0%	41.8%	42.2%	42.2%	58.7%
Pneumonia shot ever?	55.6%	40.8%	52.6%	64.3%	45.4%	55.1%	55.1%	42.2%
General health compared to others same age								
Excellent	15.6%	6.5%	8.9%	7.9%	18.6%	16.8%	16.8%	20.8%
Very good	30.9%	14.7%	19.2%	31.0%	29.9%	30.1%	30.1%	28.2%
Good	27.0%	29.2%	30.7%	33.0%	27.1%	29.7%	29.7%	42.9%
Fair	14.6%	25.0%	31.2%	18.8%	14.0%	20.6%	20.6%	6.6%
Poor	4.9%	11.0%	6.5%	5.7%	4.6%	2.7%	2.7%	1.5%
Inapplicable/Missing	6.6%	12.9%	2.6%	2.1%	5.6%	0.0%	0.0%	0.0%
Don't know	0.4%	0.7%	1.0%	1.5%	0.1%	0.0%	0.0%	0.0%
CCW Conditions?								
Hypertension	26.2%	24.9%	21.4%	25.8%	27.2%	22.8%	22.8%	34.8%
Diabetes	11.8%	14.2%	11.5%	11.3%	10.1%	8.9%	8.9%	7.4%
Ischemic Heart Disease	12.2%	11.3%	10.5%	8.4%	10.8%	8.7%	8.7%	13.5%
Depression	8.7%	13.3%	8.6%	7.3%	7.8%	4.0%	4.0%	15.2%
COPD	4.9%	7.1%	6.0%	3.4%	4.6%	3.9%	3.9%	0.0%
Breast Cancer	1.5%	1.0%	1.1%	0.5%	1.3%	0.0%	0.0%	6.6%

Notes: ASPE analysis of data from Medicare CME and MCBS, 2020. CCW: Chronic Conditions Warehouse. Chronic condition indicator requires claims and coverage. Where the rate of missing for a variable was <1%, we excluded those from reporting. "No RX" indicates that individuals reported no retail prescription drug coverage of any kind in MCBS. "Part D" indicates that individuals are enrolled in Part D. Note that CCW conditions are reported only for FFS enrollees.

Table 4. Utilization and Spending of Medicare Enrollees by Coverage Category, 2020

Utilization Characteristics	Medicare Population	Full LIS	Partial LIS	Part D, Eligible for Full, Not Enrolled	Part D, Eligible for Partial, Not Enrolled	No RX, Total	No RX, Eligible for Full	No RX, Eligible for Partial
Average stays	2.0	2.2	2.1	0.2	0.2	0.3	0.3	0.0
Average visits	15.0	25.0	20.3	11.0	4.9	3.9	3.9	3.1
Average events	70.7	103.6	88.4	60.5	25.1	21.9	21.9	26.0
Average Medicare Spending	$14,263	$25,521	$19,324	$8,169	$6,030	$6,735	$6,735	$1,898
Average OOP Spending	$2,411	$2,914	$2,878	$1,871	$1,044	$967	$967	$532

Notes: ASPE analysis of data from Medicare CME and MCBS, 2020. Data are obtained from cost and use file for FFS population only. "No RX" indicates that individuals reported no retail prescription drug coverage of any kind in MCBS. "Part D" indicates that individuals are enrolled in Part D. OOP: out-of-pocket. Note, these data are reported only for FFS enrollees. Stays are defined as acute and other inpatient stays, skilled nursing facility, and hospice stays. Visits include emergency room, hospital outpatient, and home health visits. Events include ambulatory surgery center use, Part B drugs, evaluation and management, testing and all other utilization measures.

IMPLICATIONS

Our results indicate that 461,000 individuals would have benefitted from the IRA's LIS expansion if it had occurred in 2020. We find an even larger number of individuals who have Part D coverage and might be eligible for LIS (2.9 million) and 661,000 enrollees who have no prescription drug coverage but could be eligible for LIS. There are important implications of these results.

First, the large number of individuals who benefit from the LIS expansion suggests that out-of-pocket costs will likely decline for this group. This may lead to improved medication adherence and potentially improved financially stability for low-income Medicare enrollees.

Second, individuals without LIS who might be eligible suggests a need for additional outreach and screening efforts. For instance, plan sponsors could be encouraged or required to screen for eligibility, which would likely improve benefit take-up. Government-sponsored outreach efforts such as SSA's annual mailing could also be targeted at areas with lower take-up. Given that individuals without prescription drug coverage who were eligible for either Full or Partial LIS were less likely to live in urban areas than other groups of Medicare enrollees, geographically-targeted outreach may be useful in improving program take-up.

Lastly, sustained funding and coordination for information and outreach efforts to encourage Medicare enrollees to enroll in Part D and/or LIS could help reach the 3.7 million Medicare enrollees without any prescription drug coverage (of whom about 661,000 are eligible for LIS) and the 2.9 million enrolled in Part D but not enrolled in LIS. MIPPA-funded programs that reach over one million Medicare enrollees could play an important role in doing so, particularly if the program is re-authorized as requested in the President's FY 2024 budget.[7]

CONCLUSION

The IRA expansion of eligibility for the Full LIS benefit beginning in 2024 will provide additional financial assistance to hundreds of thousands of Medicare enrollees who currently have Partial LIS. If this change had been implemented in 2020, 461,000 enrollees would have changed from Partial to Full LIS benefits. In 2020, 2.9 million additional Part D enrollees were eligible but not enrolled in LIS, of whom 1.1 million were previously eligible for only Partial LIS. The broader availability of Full LIS benefits might induce some of these currently eligible for LIS but not enrolled to take-up coverage. Efforts to better screen these enrollees could lead to better take-up.

In 2020, 3.7 million Medicare enrollees had no drug coverage. Of these, 661,000 could have taken advantage of the LIS if they enrolled in Medicare Part D. Overall, there were large differences across demographics, utilization, and health conditions for most groups of these groups of beneficiaries.

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APPENDIX

Table A-1. State-Level Estimates of Total Medicare, Full LIS, and Partial LIS Enrollees, 2020

State	Overall Medicare	Full LIS	Partial LIS
Alabama	1,113,146	269,200	12,400
Alaska	110,103	22,759	248
Arizona	1,432,815	274,516	8,629
Arkansas	677,215	168,259	7,796
California	6,716,730	1,756,052	29,787
Colorado	984,797	160,020	6,872
Connecticut	726,872	204,554	581
Delaware	226,051	38,099	1,553
District of Columbia	98,873	39,097	165
Florida	4,895,696	1,042,447	34,416
Georgia	1,862,293	444,387	16,776
Hawaii	294,141	53,411	1,421
Idaho	365,126	59,100	2,186
Illinois	2,379,354	483,351	14,813
Indiana	1,348,378	264,519	6,926
Iowa	669,229	104,304	3,735
Kansas	573,708	86,265	4,346
Kentucky	987,658	257,985	12,005
Louisiana	931,028	272,448	7,842
Maine	362,703	100,415	655
Maryland	1,111,855	196,140	8,214
Massachusetts	1,418,203	360,742	5,178
Michigan	2,204,058	408,292	16,054
Minnesota	1,096,773	171,727	5,766
Mississippi	640,414	191,221	6,054
Missouri	1,309,208	240,151	11,615
Montana	249,073	38,036	1,938
Nebraska	371,360	52,281	2,198
Nevada	575,868	95,119	4,380
New Hampshire	322,106	45,605	2,231
New Jersey	1,723,177	299,035	11,237
New Mexico	452,276	117,607	2,960
New York	3,859,482	1,116,878	21,312
North Carolina	2,131,104	430,516	24,199
North Dakota	141,228	19,372	701
Ohio	2,498,815	478,820	18,759
Oklahoma	791,451	154,950	6,617
Oregon	925,500	170,582	5,777
Pennsylvania	2,911,049	568,921	24,941
Rhode Island	235,618	54,504	1,816
South Carolina	1,157,544	225,792	11,691
South Dakota	189,072	25,653	1,025
Tennessee	1,451,904	330,537	16,442
Texas	4,506,931	962,115	40,917
Utah	435,214	53,336	2,582
Vermont	158,090	32,179	1,519
Virginia	1,620,353	271,595	12,418
Washington	1,463,816	248,682	8,012
West Virginia	462,613	108,574	5,203
Wisconsin	1,258,307	208,360	4,499
Wyoming	119,586	14,728	638
Total	64,547,964	13,793,238	460,045

Note: Excludes missing/unknown state and responses that indicate a territory as LIS is not available in U.S. territories. State-level estimates relying on MCBS are excluded as these are not statistically reliable.

Table A-2. Medicare Enrollee Groups Analyzed and Data Sources Used

Enrollee Group	Data Sources
Total Medicare	Administrative data; MCBS for non-Medicare data.
Full LIS	Administrative data for identification; MCBS for non-Medicare data.
Partial LIS	Administrative data for identification; MCBS for non-Medicare data.
Part D, Full LIS Eligible, Not Enrolled	Administrative data for utilization; MCBS data for measuring assets and income
Part D, Partial LIS Eligible, Not Enrolled	Administrative data for utilization; MCBS data for measuring assets and income
No RX, Full LIS Eligible	Administrative data for utilization; MCBS data for measuring assets and income and identifying lack of prescription drug coverage
No RX, Partial LIS Eligible	Administrative data for utilization; MCBS data for measuring assets and income and identifying lack of prescription drug coverage

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SUGGESTED CITATION
Feyman Y, Ruhter J, Finegold K, Buchmueller T, De Lew N, Zuckerman R, Sheingold S. Medicare Enrollees and the Part D Drug Benefit: Improving Financial Protection through the Low-Income Subsidy. (Issue Brief No. HP-2024-01). Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services. February 2024.

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