

HOUSE BILL REPORT

HB 1313

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to improving health care affordability for older adults and people with disabilities on medicare.

Brief Description: Improving health care affordability for older adults and people with disabilities on medicare.

Sponsors: Representatives Farivar, Macri, Tharinger, Harris, Alvarado, Mena, Thai, Berry, Ryu, Orwall, Callan, Waters, Wylie, Ortiz-Self, Stonier, Cheney, Chopp, Riccelli, Bergquist, Bateman, Morgan, Lekanoff, Reeves, Davis, Senn, Doglio, Santos, Reed, Goodman, Kloba, Pollet, Fosse, Ormsby and Chapman.

Brief History:

Committee Activity:

Health Care & Wellness: 1/27/23, 2/3/23 [DPS].

Brief Summary of Substitute Bill

- Requires the Health Care Authority (HCA) to offer eligible clients the four Medicare Savings Programs.
- Prohibits the Medicare Savings Programs from requiring a resource test.
- Authorizes the HCA to establish income limits higher than the federally required minimum levels for Medicare Savings Programs, subject to appropriations.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Riccelli, Chair; Bateman, Vice Chair; Bronoske, Davis, Macri, Orwall, Simmons, Stonier, Thai and Tharinger.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Minority Report: Do not pass. Signed by 3 members: Representatives Schmick, Ranking Minority Member; Hutchins, Assistant Ranking Minority Member; Graham.

Minority Report: Without recommendation. Signed by 4 members: Representatives Barnard, Harris, Maycumber and Mosbrucker.

Staff: Kim Weidenaar (786-7120).

Background:

Medicare.

Medicare is a federal health insurance program for individuals 65 years of age and older and certain people under 65 who have a long-term disability. Part A covers hospital stays, skilled nursing facility stays, and hospice care. These benefits are subject to a deductible and some services require coinsurance. Part B covers most out-patient services including physician visits and preventative services. These services are subject to a deductible and generally require coinsurance of 20 percent. Part C is the Medicare Advantage Program which is provided through private health plans that include Part A, B, and D benefits. Part D is the out-patient prescription drug benefit. Enrollment in the Part D program is voluntary.

Medicare Savings Programs.

There are four Medicare Savings Programs (Savings Programs) that can assist with Part A and B deductibles, coinsurance, and copayments. Medicare enrollees must apply for the Savings Programs through their state of residence. The four Savings Programs have different eligibility standards including different income and resource limits and pay for different parts of the Medicare premium or associated costs.

Qualified Medicare Beneficiary Program.

The Qualified Medicare Beneficiary Program can be used to assist with Part A and B premiums, deductibles, and copayments. To be eligible in Washington for this program, the individual's income can be no more than 100 percent of the federal poverty level (FPL).

Specified Low-Income Medicare Beneficiary Program.

The Specified Low-Income Medicare Beneficiary Program can help pay for Part B premiums. To be eligible for this program in Washington, the individual's income can be no more than 120 percent of the FPL.

Qualifying Individual Program.

The Qualifying Individual Program can help pay for Part B premiums. An enrollee must apply every year to stay in this program and states approve the applications on a first-come first-serve basis. Individuals who qualify for Medicaid are not eligible for this program. To be eligible for this program in Washington, the individual's income can be no more than 135 percent of the FPL.

Qualified Disabled Working Individual Program.

Individuals who have a disability, are working, and lost social security disability benefits and Medicare premium-free Part A because the individual returned to work may be eligible for this program. This program only pays for Part A premiums. To be eligible for this program in Washington, the individual's income can be no more than 200 percent of the FPL.

Summary of Substitute Bill:

The Health Care Authority (HCA) must offer eligible clients the following Medicare Savings Programs (Savings Programs):

- the Qualified Medicare Beneficiary Program;
- the Specified Low-income Medicare Beneficiary Program;
- the Qualified Individual Program; and
- the Qualified Disabled and Working Individuals Program.

To be eligible for a Savings Program, a client must be entitled to Medicare Part A and meet other eligibility requirements established by the HCA and federal law. A client with a countable income of up to 135 percent of the federal poverty level is income eligible for the Qualified Medicare Beneficiary Program. Subject to appropriations, the HCA may establish by rule higher income limits than the federally required minimum levels for the Savings Programs. The Savings Programs may not require a resource test. The HCA must seek to maximize the availability of the Qualified Individual Program through the Centers for Medicare and Medicaid Services. The HCA is authorized to adopt rules.

Substitute Bill Compared to Original Bill:

The substitute bill:

- reduces the income eligibility maximum to qualify for the Qualified Medicare Beneficiary Program from less than or equal to 138 percent of the federal poverty level to 135 percent of the federal poverty level; and
 - modifies the Health Care Authority's (HCA) authorization to establish higher income limits than the federally required minimums for the Medicare Savings Programs (Savings Programs) by authorizing the HCA to establish higher income limits for the Savings Programs by rule, subject to appropriation.
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Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 3, 2023.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill includes one of the more affordable solutions included in a study provided for in last year's budget looking at ways to make Medicare more affordable. The goal of this bill is to raise the federal poverty level (FPL) from 100 percent to 138 percent for the Qualified Medicare Beneficiary Program. Disability is a fact of life especially as we grow older. People should not be left in the lurch when they need help the most. This bill makes a dent in that problem and will expand affordability to 50,000 people.

Many people are struggling to pay the bills and get their needs met. People cut their medications in half because they can't afford them or they may struggle to make it to their appointments because they can't afford it. Paying for copayments can cause people to lose their home. When clients make less than a few thousand a month, payments for Medicare are a huge burden and many people don't know about these programs. This bill will enable people to get the help that makes a big difference for them. It will provide relief for premiums and cost sharing and will give them a little piece of mind and money for necessities.

This bill will greatly improve health care affordability for people on Medicare. This bill doesn't fix affordability, but it's a strategic step in addressing it. Half of Medicare enrollees spend over a quarter of their income on health care needs. It is a struggle to make ends meet on 138 percent FPL even without paying for health care. When transitioning from Medicaid to Medicare, enrollees have to stretch their limited budgets even further. This drop is called the Medicare affordability cliff. Patients put off care because they can't afford it, this bill will reduce hardship and save lives.

The Affordable Care Act (ACA) expanded coverage and affordability to millions. Today people shouldn't have to pay more than 9 percent of their income on health care. But the ACA did not address affordability in Medicare. Many other states have taken action to promote affordability. California is moving towards full elimination of resource limits and some other states have increased eligibility up to over 200 percent of FPL. This bill will move Washington towards making health care more affordable.

Alzheimer's disease is one of the most expensive health conditions. Nationally costs related to Alzheimer's are expected to increase threefold by 2050. These costs leave vulnerable families with difficult decisions and people put off necessary care to save money, which means sicker people and more expensive care.

(Opposed) None.

(Other) Conceptually there is support to expand affordability of Medicare. Unlike Medicaid

there are out of pocket expenses in Medicare. These programs are a state and federally funded program to offset the costs for very low income consumers. As the bill stands, it would increase eligibility to 138 percent of the FPL for one of the programs. This bill was not funded in the Governor's Budget. A recent report found that this change would cover a population of around 50,000. This bill will offset potentially high out of pocket costs when enrolled in Medicare.

Persons Testifying: (In support) Representative Darya Farivar, prime sponsor; Kathe Williams, Statewide Health Insurance Benefits Advisor and Office of the Insurance Commissioner; Consuelo Echeverria; Ann Vining, Northwest Health Law Advocates; Tiffany Huyenh-Cho, Justice in Aging; Cathy Knight, Washington Association of Area Agencies on Aging; Carina Tong, Disability Rights Washington; Ronnie Shure, Health Care for All Washington; and Brad Forbes, Alzheimer's Association.

(Other) Evan Klein, Health Care Authority.

Persons Signed In To Testify But Not Testifying: None.