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MEDICARE PART D LOW- INCOME SUBSIDY

SSA Continues to Approve Applicants, but Millions of Individuals Have Not Yet Applied

Statement of Barbara D. Bovbjerg, Director
Education, Workforce, and Income Security Issues





Highlights of [GAO-08-812T](#), a report to the Special Committee on Aging, U.S. Senate

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 of 2003 (MMA), 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 the Social Security Administration’s (SSA) implementation of the subsidy, GAO is providing information on (1) the number of applicants approved for or denied the low-income subsidy and (2) challenges of identifying individuals eligible for the subsidy and targeting outreach efforts.

This statement is based on a prior GAO report on the subsidy and associated spending issued in May 2007, selected aspects of which we updated in May 2008.

To view the full product, including the scope and methodology, click on [GAO-08-812T](#). For more information, contact Barbara Bovbjerg at 202-512-7215 or bovbjerg@gao.gov.

MEDICARE PART D LOW-INCOME SUBSIDY

SSA Continues to Approve Applicants, but Millions of Individuals Have Not Yet Applied

What GAO Found

Of the approximately 7.2 million applicants for the low-income subsidy, SSA approved approximately 2.8 million as of March 2008, and SSA has improved some key measures for its subsidy application processes. SSA approved about 570,000 applicants, denied about 403,000 applicants, and determined that no decision was required for about 281,000 applicants in fiscal year 2007. The table below shows that excess income was the primary reason applicants were denied benefits, while many other applicants were denied benefits because their resources exceeded program limits. Further, SSA has collected data and established some goals to monitor its progress in implementing and administering the subsidy benefit.

Reasons for Denials for Individuals Who Applied in 2007, in Percentages

Application	Income	Resources	Income and resources	Other	Total
Individual	62.2%	20.2	8.7	8.9	100%
Couple	61.5%	8.0	10.9	19.7	100%
All denied applicants	62.0%	16.6	9.4	12.1	100%

Source: SSA data

No reliable data are available to help SSA identify the eligible population for its outreach efforts, and millions who may be eligible have not yet applied. SSA maintains that it would not be able to establish specific goals and measures for its outreach activities, as we recommended in our May 2007 report because, of the lack of reliable data on the total eligible population. Responding to another of our recommendations, SSA is working with the Internal Revenue Service to determine if tax data can help target individuals eligible for the subsidy. The Centers for Medicare & Medicaid Services and the Congressional Budget Office have estimated, respectively, that about 2.6 million to over 4 million individuals who may qualify for the subsidy are not receiving it. Various barriers, such as reluctance to disclose personal financial information or lack of knowledge of the subsidy, may prevent potentially eligible Medicare beneficiaries from applying for the subsidy. To solicit applications from individuals potentially eligible for the subsidy, SSA conducted an extensive outreach campaign from May 2005 to August 2006, but has decreased its outreach activities since then. Staffing constraints in SSA field offices may also limit SSA’s ability to assist individuals with the subsidy and conduct local outreach to inform the public about the subsidy.

May 22, 2007

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to participate in today's hearing to discuss the Social Security Administration's (SSA) progress in enrolling individuals in the Medicare Part D Low-Income Subsidy. High prescription drug costs can have a detrimental effect on low-income seniors and the disabled, who are more likely than others to suffer from chronic medical problems requiring prescription drugs. Such high costs may cause some elderly patients to forgo or restrict their use of prescription drugs. To help the elderly and disabled with these costs, the Congress passed the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA).¹ MMA enabled Medicare beneficiaries to enroll voluntarily in drug plans sponsored by private health insurance companies. The benefit includes a low-income subsidy, or "extra help," to assist Medicare beneficiaries with limited income and resources (also called assets) in paying their premiums and other out-of-pockets costs.

The Department of Health and Human Services and its Centers for Medicare & Medicaid Services (CMS) are largely responsible for implementing the new drug plan, called Medicare Part D, and SSA administers the low-income subsidy. SSA is responsible for conducting outreach efforts to identify and notify individuals of the subsidy's availability, taking applications, making subsidy eligibility determinations, resolving appeals, and ensuring continued subsidy eligibility. SSA also withholds Part D premiums from Social Security benefits for beneficiaries who select this option. My testimony will address (1) the number of applicants approved for or denied the low-income subsidy and (2) the challenges of identifying individuals eligible for the subsidy and targeting outreach efforts.

My comments are based largely on a prior GAO report issued in May 2007 addressing SSA's implementation of the low-income subsidy and associated spending.² We updated selected aspects of the work during May 2008. We conducted our work in accordance with generally accepted

¹Pub. L. No. 108-173.

²GAO, *Medicare Part D Low-Income Subsidy: Additional Efforts Would Help Social Security Improve Outreach and Measure Program Effects*, [GAO-07-555](#) (Washington, D.C.: May 31, 2007).

government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Summary

Of the 7.2 million applicants for the low-income subsidy, SSA approved 2.8 million of them, and SSA has improved some key measures for its subsidy application processes. SSA approved about 570,000 applicants, denied about 403,000 applicants, and determined that no decision was required for about 281,000 applicants in fiscal year 2007. In a 2007 SSA study of low-income subsidy denials, SSA found that excess income was the primary reason for 62 percent of applicant denials and about 24 percent of these denied applicants were within \$1,500 of the income limit. Excess resources were the primary reason for 16 percent of applicant denials and nearly 30 percent of these denied applicants were within \$5,000 of the resource limit. Approximately 9 percent had both excess income and resources. Further, SSA has collected key data and established some goals to monitor its progress in implementing and administering the subsidy benefit.

No reliable data are available to help SSA target its outreach efforts, and millions who may be eligible for the subsidy have not yet applied. SSA maintains that it is not able to establish specific goals and measures for its outreach activities, as we recommended in our May 2007 report, because of the lack of reliable data on the total eligible population. However, responding to another of our recommendations, SSA is working with the Internal Revenue Service to determine whether tax data can help to target individuals eligible for the subsidy. According to CMS and Congressional Budget Office estimates, respectively, about 2.6 million to over 4 million individuals who may qualify for the subsidy are not receiving it. Various barriers, such as a reluctance to disclose personal financial information, and inadequate availability of one-on-one assistance for completing the application, may prevent potentially eligible Medicare beneficiaries from applying for the subsidy. To solicit applications from individuals potentially eligible for the subsidy, SSA conducted an extensive outreach campaign, from May 2005 to August 2006, but has decreased its outreach activities since then due to limited funding. Staffing constraints in SSA field offices may also limit SSA's ability to assist individuals with the subsidy and conduct local outreach to inform the public about the subsidy.

Background

All Medicare beneficiaries entitled to benefits under Medicare Part A or enrolled in Part B are eligible to enroll in Medicare Part D.³ Medicare beneficiaries who qualify for full coverage under their state's Medicaid program,⁴ as well as Medicare beneficiaries who qualify for more limited Medicaid coverage, Supplemental Security Income (SSI), or state Medicare Savings Programs are automatically enrolled in a Part D prescription drug plan by CMS,⁵ automatically qualify for the full subsidy of their premium and deductible, and do not need to file an application. They are referred to as "deemed."

Other Medicare beneficiaries who do not automatically qualify for the subsidy (i.e., who are not deemed) must apply and meet the income and resource requirements. These beneficiaries generally qualify if they have incomes below 150 percent of the federal poverty level and have limited resources. Generally, in 2008, individuals qualify if they have an income up to \$15,600 for an individual and \$21,000 for a couple and if they have resources up to \$11,990 for an individual or \$23,970 for a couple.⁶ The amount of the subsidy for premiums, deductibles, copayments, and catastrophic coverage varies depending on income and resources.

Individuals generally apply for the benefit directly through SSA, although they may also apply through their state Medicaid office. The agency that receives an application, whether SSA or a state Medicaid agency, is

³Individuals who are eligible for Medicare automatically receive Hospital Insurance, known as Part A, which helps pay for hospital stays, related post-hospital care, home health services, and hospice care, and typically does not require a monthly premium. Medicare also offers optional insurance under Supplementary Medical Insurance (Part B) to cover doctor's services and outpatient care, and requires a premium.

⁴Medicaid is a federal and state program that helps pay medical costs for certain low-income people, such as those who are 65 and older, the blind, the disabled, and members of families with dependent children or qualified pregnant women or children. Prior to the effective date of Part D, Medicaid provided coverage for outpatient prescription drug costs for persons eligible for that program.

⁵Medicare Savings Programs are offered by state Medicaid agencies to assist people with limited income and resources with their Medicare premiums and, in some cases, may also pay Medicare Part A and Part B deductibles and coinsurance.

⁶For 2006, the asset limits were based on three times the resource limit of the SSI program for subsidy beneficiaries. For subsequent years, the limits are to be updated based on the Consumer Price Index. Countable resources include such things as savings, investments, and real estate (other than an individual's primary residence). Countable resources do not include such things as a car, a burial plot or limited funds set aside for burial expenses, or certain other personal possessions.

responsible for making initial subsidy determinations and deciding appeals and redeterminations. Those who apply through SSA may submit their subsidy application using SSA's paper application or an Internet application form. Applicants may also have their information entered electronically by visiting an SSA field office or by calling SSA's toll-free phone line. According to state Medicaid officials we spoke with, they encouraged beneficiaries to apply for the subsidy through SSA whenever possible. As of March 2007, only the Colorado and Kansas state Medicaid agencies had made Part D subsidy determinations.

Under the MMA, the Congress provided SSA with a special \$500 million appropriation from the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund to assist SSA in implementing its Part D responsibilities for fiscal years 2004 and 2005, but later extended the appropriation to fiscal year 2006. Since January 2006, SSA officials told us that the agency has had to draw on its overall administrative appropriation to support its Part D activities. SSA informed us that the agency now has a mechanism to track costs for low-income subsidy applications, and estimates that it cost the agency \$175 million to administer the subsidy in fiscal year 2007, and that it expects similar costs in fiscal year 2008.

SSA Continues to Approve Applications and Improve Processing Efforts and Has Improved Some Measures for Processing Benefits

SSA continues to approve low-income subsidy applications; of the applicants who were denied benefits, most exceeded income limits and others exceeded resource limits. To monitor its progress in implementing and administering the subsidy benefit, SSA has collected key data and established some goals.

Excess Income Was the Predominant Reason That Applicants Were Denied the Subsidy in Fiscal Year 2007

Of the approximately 7.2 million applicants filing for the subsidy as of March 2008, SSA approved 2.8 million.⁷ SSA received 1.3 million new applications in fiscal year 2007, approving approximately 570,000 (43 percent), denying approximately 403,000 (31 percent), and made no decision for approximately 281,000 (22 percent) because applicants had submitted duplicate applications among other reasons.⁸

According to a recent SSA study of individuals who applied for the subsidy in 2007 and where SSA made a decision by January 2008, SSA denied approximately 416,000 applicants. The most common reasons for denials were excessive income and resources.⁹ As Table 1 shows, excess income was the primary reason for denials, and excess resources were the reason in approximately 17 percent of the denials.

Table 1: Reason for Denials for Individuals Who Applied in 2007, in Percentages

Application	Income	Resources	Both income and resources	Other reason ^a	Total	Number of persons
Individual	62.2%	20.2	8.7	8.9	100%	295,559
Couple	61.5%	8.0	10.9	19.7	100%	120,934
All denied applicants	62.0%	16.6	9.4	12.1	100%	416,493

Source: Social Security Administration’s analysis of Medicare Database, February 1, 2008.

Totals may be greater than 100 percent due to rounding.

^aThis included applicants that were denied because they were not Medicare beneficiaries, were not a U.S. resident, or because they failed to provide SSA with documentation to complete its subsidy determination.

For denials based on excess income, about 10 percent of applicants were within \$500 of the income limit. About 98 percent of applicants with

⁷The number of applications, applicants, approvals and denials differs from the number of individuals involved. This is because the same individual may submit multiple applications as a result of changes to their automatic eligibility status or as a result of losing their eligibility for the subsidy based on SSA’s redetermination. On the other hand, one application can involve multiple applicants within the same household.

⁸In some instances, SSA canceled applications, including when such applications were withdrawn by the applicant.

⁹The study was based on the Social Security Administration’s Medicare Database, and included the full universe of people who applied for the low-income subsidy during calendar year 2007 and whose applications had been denied by the end of January 2008.

excess income received Social Security benefits, and 35 percent received pensions from sources other than veterans' or Social Security benefits. Table 2 shows the extent to which applicants were denied subsidy eligibility because their income was too high. For those denied, the median excess income was \$4,572.

Table 2: Amount by Which Income Exceeded the Subsidy Limits when Income Was a Reason for Denial, in Percentages of Persons Denied

Excess annual income of denied applicants in 2007	Single applicant	Couple	All
\$20,000 or more	7.5%	7.2%	7.3%
\$15,000 to <\$20,000	4.8	4.5	4.7
\$10,000 to <\$15,000	10.8	9.3	10.4
\$7,500 to <\$10,000	10.1	9.2	9.8
\$5,000 to <\$7,500	15.7	14.7	15.4
\$3,000 to <\$5,000	11.3	16.7	12.9
\$1,500 to <\$3,000	14.4	16.8	15.1
\$1,000 to <\$1,500	6.6	6.5	6.6
\$500 to <\$1,000	8.2	7.2	7.9
< \$500	10.8	7.9	9.9
Total	100%	100%	100%
Median excess income	\$4,751	\$4,335	\$4,572
Mean excess income	\$9,136	\$8,753	\$9,023
Number of persons	209,539	87,594	297,133

Source: Social Security Administration's analysis of Medicare Database, February 1, 2008.

Totals may be greater than 100 percent due to rounding.

Note: The mean is calculated excluding about 130 outliers over \$1,000,000.

For denials based solely on excess resources, nearly 6 percent of applicants were within \$500 of the resource limit. Table 3 shows the extent to which applicants were denied subsidy eligibility because their resources were too great. For those denied, the median excess resources were \$13,690. Bank accounts and investments, which included stocks, bonds, and individual retirement account balances were responsible for about 57 percent of the excess resource denials.

Table 3: Amount by Which Resources Exceeded Subsidy Limits when Itemized Resources Were the Only Reason for Denial, in Percentages of Persons Denied

Excess Resources of Denied Applicants in 2007	Single Applicant	Couple	All
\$20,000 or more	39.2%	48.9%	40.2%
\$15,000 to <\$20,000	7.1	6.9	7.1
\$10,000 to <\$15,000	10.5	7.8	10.2
\$7,500 to <\$10,000	6.6	6.1	6.5
\$5,000 to <\$7,500	6.5	7.0	6.5
\$3,000 to <\$5,000	8.3	6.6	8.1
\$1,500 to <\$3,000	7.1	8.5	7.3
\$1,000 to <\$1,500	4.0	2.0	3.7
\$500 to <\$1,000	4.8	3.1	4.6
< \$500	6.0	3.3	5.7
Total	100%	100%	100%
Median excess resources	\$13,290	\$18,934	\$13,690
Mean excess resources	\$40,904	\$57,754	\$42,962
Number of persons	37,731	5,267	42,998

Source: Social Security Administration's analysis of Medicare Database, February 1, 2008.

Totals may be greater than 100 percent due to rounding.

Note: This table excludes people who were denied because they checked the box on the application stating that their resources exceeded the established limits. The mean is calculated excluding about 200 outliers over \$1,000,000.

SSA Has Made Some Improvements for Measuring Subsidy Processes, but Lacks Measures in Certain Areas

We reported, in May 2007,¹⁰ that SSA had established application processes for determining low-income subsidy eligibility, reviewing appeals, and conducting redeterminations; however, it had not established some key management tools to monitor progress of all of its efforts. To enable agencies to identify areas in need of improvement, GAO internal control standards state that agencies should establish and monitor performance measures and indicators.¹¹ Accordingly, agencies should compare actual performance data against expected goals and analyze the differences.

¹⁰ GAO, [GAO-07-555](#).

¹¹ GAO, *Internal Control Standards: Internal Control Management and Evaluation Tool*, [GAO-01-1008G](#) (Washington, D.C.: August 2001).

While SSA had tracked the progress of subsidy determinations since it began processing applications in July 2005, it did not have goals for measuring the processing time for these applications until March 2007. SSA's goal is to process 75 percent of the subsidy applications in 60 days and reported that it processed 93 percent of determinations within 60 days during the first 6 months of fiscal year 2008. SSA had also been tracking the amount of time for resolving appeals of subsidy denials, but also did not have a performance goal to assess the timeliness of appeals decisions. In response to our recommendation, SSA established a goal of processing 75 percent of appeals within 60 days—similar to its goal for processing subsidy applications. SSA reported that 74.5 percent of appeals were processed in 60 days during the first 6 months of fiscal year 2008.

SSA tracks various results from the redeterminations process, such as the number of decisions made, and the number and level of continued subsidies. According to the MMA and SSA regulations, all recipients of the subsidy are required to have their eligibility redetermined within one year after SSA first determines their eligibility.¹² Future redeterminations are required to be conducted at intervals determined by the Commissioner. SSA's regulations provide that these periodic redeterminations be based on the likelihood that an individual's situation may change in a way that affects subsidy eligibility. Additionally, SSA's regulations provide that unscheduled redeterminations may take place at any time for individuals who report a change in their circumstances, such as marriage or divorce. In May 2007, we recommended that SSA collect data on the processing time for individual redetermination decisions, and establish performance standards for such processing time. SSA disagreed with our recommendation, stating that the agency monitors the time for completing the overall redetermination cycle, providing adequate management controls. While SSA still does not collect processing time data for individual redetermination decisions, an SSA official recently told us that it is now the agency's goal to complete redetermination decisions before the end of each year, except for people who do not respond to SSA's inquiries.

¹²This does not include individuals who continue to be deemed or automatically eligible for the subsidy. Individuals who report changes to SSA regarding their benefit status are also excluded from the initial redetermination process since they are redetermined as a result of the change.

No Reliable Data Are Available to Identify Eligible Population for Outreach Efforts, and Millions May Have Not Yet Applied

No reliable data are available to help SSA identify the eligible population for its outreach efforts, and millions who may be eligible have not yet applied, in part due to privacy concerns and application complexity. SSA is working with the Internal Revenue Service (IRS) to determine whether tax data can help target individuals eligible for the subsidy. According to available estimates, millions of individuals who may qualify for the subsidy have not yet applied. Various barriers, such as a reluctance to share personal financial information, may discourage some individuals from applying. Furthermore, SSA initially conducted a focused outreach campaign, but now incorporates such efforts into its overall Social Security outreach including work with third parties to publicize the subsidy and targeted outreach events on Mother's Day and Father's Day.

SSA Does Not Have Data to Narrowly Target Eligible Population

SSA does not have access to data that might help it to narrowly target the eligible population. In the absence of reliable data for identifying the eligible population, in 2006 SSA broadly targeted 18.6 million individuals who might be eligible for the subsidy, which was an overestimate. SSA identified the target population by using income data from various government sources to screen out Medicare beneficiaries whose income made them ineligible for the Part D subsidy.¹³ SSA realized that using these data sources would result in an overestimate of the number of individuals who might qualify for the subsidy, because the data provided limited information on individuals' resources or nonwage income. SSA officials said they took this approach to ensure that all Medicare beneficiaries who were potentially eligible for the subsidy were made aware of the benefit and had an opportunity to apply for it.

SSA officials said that they would have preferred to specifically target Medicare beneficiaries who were more likely to be eligible for the subsidy by using tax data from IRS on individuals' wage, interest, and pension income. Current law permits SSA to obtain income and asset data from

¹³SSA obtained income data from its earnings records, as well as data from the Office of Personnel Management, the Department of Veterans Affairs, the Railroad Retirement Board, and the Office of Child Support Enforcement of the Department of Health and Human Services.

IRS to assist in verifying information provided on subsidy applications.¹⁴ The law, however, prohibits IRS from sharing such data with SSA in the absence of a submitted application. According to SSA officials, such data would allow SSA to identify individuals to target outreach more directly and to estimate how many individuals may qualify for the subsidy. However, IRS officials told us that its data have many limitations that could affect their usefulness. For example, IRS officials said that they have limited data on assets for individuals whose income is less than \$20,000 because these individuals do not typically have interest income, private pensions, or dividend income from stocks that could help SSA in estimating an individual's potential asset level. Given these limitation, IRS officials stated that their tax data was more likely to identify individuals who would not qualify for the subsidy, rather than those who would. In November 2006, the HHS Office of Inspector General reported that legislation is needed to provide SSA and CMS access to income tax data to help the agencies more effectively identify beneficiaries potentially eligible for the subsidy.¹⁵

In our May 2007 report, we recommended that SSA develop a comprehensive plan, with specific performance goals and measures, to detail the agency's outreach strategy for enrolling additional individuals who qualify for the subsidy. While SSA agreed with the recommendation in theory, it maintains that it would be unable to implement specific goals and measures due to the lack of reliable data on the eligible population. SSA recently informed us that is still the agency's position. We also recommended that SSA and IRS work together to assess the extent to which IRS tax data would help SSA to identify individuals who might qualify for the subsidy, possibly aiding SSA in better targeting outreach efforts. In implementing our recommendation, SSA provided IRS with a random sample of 200,000 individuals (of approximately 19 million potentially eligible) who might qualify for the subsidy. IRS then provided SSA Form 1098 and 1099 data for these individuals, with identifying

¹⁴Under 26 U.S.C. § 6103(l)(7)(D), IRS may only provide tax return information to SSA for purposes of, and to the extent necessary in, determining the eligibility for or the correct amount of benefits provided through the subsidy program. In signing the application form, individuals acknowledge that SSA will compare the information reported by them on the form to information supplied by federal, state, and local government agencies, including IRS.

¹⁵Department of Health and Human Services, Office of Inspector General, *Identifying Beneficiaries Eligible for the Medicare Part D Low-Income Subsidy*, OEI-03-06-00120 (Washington, D.C.: Nov. 17, 2006).

information removed. SSA could then use its methodology for IRS to estimate potential subsidy eligibility. The Form 1098 and 1099 information will help SSA determine if individuals have pensions and resources that exceed the subsidy threshold. IRS is expecting to complete its preliminary analysis and share the information with SSA by the end of June 2008.

Millions of Eligible Individuals May Not Be Taking Advantage of the Subsidy

Millions of individuals potentially eligible for the low-income subsidy are still not receiving it. Although no reliable data exist on the total eligible population, CMS estimated that about 2.6 million individuals may be eligible but not receiving the subsidy. Based on a 2004 Congressional Budget Office (CBO) estimate, 4.4 million individuals may be eligible and not receiving the subsidy.¹⁶

Several barriers may prevent potentially eligible Medicare beneficiaries from applying for the subsidy. In our May 2007 report, we stated that some individuals were reluctant to apply because they did not want to share their personal financial information for fear that an inadvertent error on the application could subject them to prosecution under the application's perjury clause. However, in December 2007 SSA revised the clause removing the threat of imprisonment for false statements. A 2007 Mathematica study conducted for AARP, also found that reluctance to share personal financial information, the stigma associated with applying for public benefits, and inadequate availability of one-on-one assistance for completing the subsidy application, and resource limits affected individuals' decision not to apply for the subsidy.¹⁷ A CMS study also found that individuals do not apply if they are currently not taking prescription

¹⁶Congressional Budget Office, *A Detailed Description of CBO's Cost Estimate for the Medicare Prescription Drug Benefit*, table 8 (Washington, D.C.: July 2004). The data were projected for calendar year 2006. CBO estimated that an overall total of 14.2 million beneficiaries would be eligible for the subsidy in 2006. We derived the CBO estimate by subtracting 8.4 million beneficiaries that CMS estimated in January 2008 were deemed for the subsidy, or had comparable coverage from other federal programs, from the sources' original estimates of all eligible beneficiaries.

¹⁷Mathematica Policy Research, Inc., *Doors to Extra Help: Boosting Enrollment in the Medicare Part D Low-Income Subsidy*, #2007-15 (AARP, Washington, D.C.: September 2007).

medications because they do not believe that they need the benefit and are discouraged by the assumed high Part D drug costs.¹⁸

SSA Initially Conducted Focused Outreach Efforts, But Now Incorporates Such Efforts into Overall Social Security Outreach

From the outset of the low-income subsidy program, SSA conducted a broad outreach campaign to inform as many potentially eligible people as possible about the subsidy and how to apply for it. SSA conducted its initial outreach campaign from May 2005 to August 2006. To solicit subsidy applications, SSA sent targeted mailings, which included an application for the subsidy and instructions on how to apply, to 18.6 million individuals identified as potentially eligible. SSA also conducted over 76,000 outreach events in collaboration with federal, state, and local partners, such as CMS, state Medicaid agencies, state health insurance programs, and advocacy groups for Medicare beneficiaries, among other efforts. The number of outreach events has declined, from a high of 12,150 in July 2005 to 230 at the completion of the campaign in August 2006.

Today, SSA continues to solicit applications, but through the agency's ongoing general outreach activities, working with third parties and special targeted events around Mother's Day and Father's Day, though not through a dedicated campaign. Current activities include

- mailing notices annually that include information about the low-income subsidy to low-income Medicare beneficiaries.
- mailing approximately 100,000 applications each month to beneficiaries attaining initial Medicare eligibility after screening them to determine that their income may be below 150 percent of the federal poverty level.
- including information on the subsidy in its Cost-of-Living Adjustment letter sent each December to over 50 million Medicare beneficiaries.
- developing new outreach material for capturing the attention of Medicare beneficiaries regarding the subsidy.
- conducting a "Show Someone You Love How Much You Care" campaign to inform relatives and caregivers about the low-income

¹⁸CMS, Office of External Affairs, Strategic Research & Campaign Management Group, Division of Research, *Formative Research on the Low Income Not Enrolled Population* (no date).

subsidy. This campaign has focused on Mother's Day and Father's Day in 2007 and 2008.

- using automated phone call technology to call potentially eligible individuals to inform them about the subsidy. SSA field office staff will call individuals who do not respond. This initiative will begin in June 2008.
- using a new special pamphlet, designed with a mailer insert that is placed at pharmacies, hospitals, and medical practices, to enable Medicare beneficiaries to request a low-income subsidy application without calling or visiting SSA.

Recent staffing reductions in field offices may have left SSA with limited resources to assist individuals with the subsidy and conduct local outreach efforts.¹⁹ With staffing reductions, much of SSA's work is focused on its core workload, which includes processing applications for Social Security benefits and for Social Security numbers. Between 2005 and 2007, field office staffing declined by 7.1 percent. We recently testified that this staffing reduction may have increased customer waiting time in field offices. Further, during the course of our recent study, several staff reported that they often did not have adequate time to spend with customers to explain information. Although SSA hired 2,200 new field office staff to assist with the implementation of Medicare Part D, these staff are now focused on the full range of field office workloads and are therefore not available to specifically serve the needs of individuals seeking assistance with the low-income subsidy.

Individuals responding to Mathematica's 2007 study stated that the availability of local SSA staff to help low-income subsidy applicants is important because SSA staff may provide more personalized assistance than staff in SSA's Teleservice Centers, which operate the agency's toll-free telephone service. However, many of the study respondents reported long lines at crowded SSA field offices or difficulty getting through on local field office telephone lines. Mathematica reported that several respondents reported that SSA field offices were overwhelmed by people seeking services other than the low-income subsidy. In our May 2008 testimony on SSA field offices, we also reported that staffing reductions have adversely affected field offices' ability to serve customers. In

¹⁹GAO, *Social Security Administration Field Offices: Reduced Workforce Faces Challenges as Baby Boomers Retire*, [GAO-08-737T](#) (Washington, D.C.: May 8, 2008).

particular, we reported that between 2002 and 2006, the average waiting time for field office service increased by 40 percent from 15 minutes to 21 minutes, and in fiscal year 2007, more than 3 million customers waited for over an hour to be served, according to SSA data. We also reported that SSA's 2007 Field Office Caller Survey found that 51 percent of customer calls to 48 randomly selected field offices went unanswered.

Conclusions

Reaching the millions of people who are forgoing the government's help in paying for their prescription drug benefit remains a significant challenge. While SSA continues to approve applications for the subsidy, the agency's efforts to attract new subsidy applicants have slowed significantly since 2006. CMS and CBO estimate, respectively, that about 2.6 million to over 4 million individuals who may be eligible for the subsidy are still not receiving the benefit. It is not clear how to reach the remaining eligible people, and the barriers to identifying them and convincing them to sign up remain. While advocacy groups encourage a more personalized outreach approach, it may be unrealistic to expect SSA to conduct such efforts, given its resource limitations. The IRS and SSA study may help determine if tax data could help identify individuals who may qualify for the subsidy and target outreach efforts. A better understanding of who is eligible could help SSA make more efficient use of limited staff resources by targeting outreach more narrowly to the eligible population.

Mr. Chairman, this completes my prepared statement. I would be happy to respond to any questions you or other members of the committee may have at this time.

GAO Contacts and Staff Acknowledgments

For further information regarding this testimony, please contact Barbara D. Bovbjerg, Director, Education, Workforce, and Income Security Issues, on (202) 512-7215. Blake Ainsworth, Susannah Compton, Mary Crenshaw, Matthew Lee, Lise Levie, Sheila McCoy, and Paul Wright also contributed to this statement.

Related GAO Products

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