



**Simplifying Access to the Medicare Savings Program: State Model Policy
Flatten the Benefit Cliff from Medicaid to Medicare**

Background: Medicaid generally requires minimal (if any) premiums or other cost sharing from the people enrolled in the program. In contrast, Medicare has monthly premiums, annual deductibles, and other significant cost sharing.

Problem: Enrolling in Medicare results in many people losing Medicaid and facing much higher out-of-pocket costs. These costs amount to a financial shock—a problem known as the "Medicare cliff."

"When I hit whatever magic age it was, when I could collect Medicare, they pulled the rug out from under me."*

Solution	<p>Make Medicare more affordable for people who earn a little more than the poverty level by:</p> <ul style="list-style-type: none"> • Flattening the Medicare cliff by eliminating premiums and cost sharing for all Medicare beneficiaries with incomes up to 138% of the federal poverty level. • Covering Part B premiums using 100% federal funding for people with incomes up to 186% of the federal poverty level.
Benefits for older adults and people with disabilities	<ul style="list-style-type: none"> • Remove financial shocks from Medicaid to Medicare. • Improve health care access. • Reduce financial strain. • Reduce mortality.
Benefits for states	Maximize federal funding.
State costs	Increased Medicaid spending to cover Medicare cost sharing for people with incomes up to 138%.

The Lab's state model policy would use flexibilities already available to state Medicaid agencies to flatten this cliff and to simplify the eligibility category groups. Five states and D.C. already use more generous income limits than this policy.

For more detailed analysis, citations, and additional model policies, [please visit the Aging & Disability Health Policy Lab website, www.adhealthpolicylab.org](http://www.adhealthpolicylab.org).

*Susan L. Hayes et al., "Moving from Medicaid Expansion Coverage to Medicare Can Be a Burdensome Transition: A Qualitative Study," Table 4, *Journal of General Internal Medicine*, September 2, 2025, <https://doi.org/10.1007/s11606-025-09789-9>