



# Helping People Pay for Medicare

## Plain Language Summary

DRAFT Simplifying Access to the  
Medicare Savings Programs

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# Background: Helping People Pay for Medicare

## What is Medicare?

Medicare is a health insurance program run by the U.S. government. It covers more than 69 million older adults and people with disabilities. But Medicare is not free. People have to pay some of their own money for doctor visits, hospital stays, and medicine. Most people also have to pay a monthly fee to be insured by Medicare.

One of the biggest costs is called the Part B premium. In 2026, people pay over \$202 every month for their Part B premium. This usually comes out of their Social Security check. People also may need to pay for part of the cost of going to a doctor or hospital. Some people skip buying food or turning on the heat just to pay these bills.

## What are the Medicare Savings Programs (MSPs)?

The Medicare Savings Programs (MSPs) are special programs that help people with low incomes pay their Medicare bills. These programs can save a person more than \$8,000 a year. That money can go toward food, rent, and other important things.

Right now, more than 10 million people are in the MSPs. But millions more who could get help are NOT signed up. Why? Because signing up is very hard and confusing. And because some people do not have a lot of money but have a little too much to sign up. This document talks about four ideas that states can use to make it easier.

## Why is it hard to sign up for MSPs?

To get help from the MSPs, people have to prove two things: how much money they make (**their income**) and how much money and stuff they own (**their assets**). Income can be things like money earned at a job or payments from Social Security. Assets can be things like a savings account or farm equipment.

Gathering all the paperwork to prove these things can take a lot of time. Many older people or people with disabilities find this very hard.

The rules in many states also make it hard for people to get help. Some states have made this easier for more people.

# Four Ideas for States to Help People on Medicare

The Aging & Disability Health Policy Lab offers four draft ideas—called model policies—that states can use to make MSPs better. States can pick one or try all four.



## Focus on Income, Not Savings (Eliminate the Asset Test)

### The Problem:

Right now, people have to prove they do not have too many assets. Assets are savings and things you own like farm equipment or a second car. Gathering all the papers to prove these things is hard. It can take a lot of time. Most people who do not make much money do not have a lot of stuff anyway. So, all this extra work usually does not change who can get help. The process just makes it hard for them. Some people just give up and never get the help they need.

And checking all of this is a lot of work for state staff.

### The Fix:

Stop checking what people who have low incomes own. Only look at how much money they make each month. 13 states and Washington D.C. have already done this.

### What Would This Do?

- Some people save about 4 hours of paperwork every year.
- More people qualify and stay enrolled.
- State workers save time—saving states some money.
- States would spend more money overall to pay for Medicare costs for more people.



## **Fix the "Medicare Cliff"** **(Flatten the Benefit Cliff from Medicaid to Medicare)**

### **The Problem:**

Many people get all of their health coverage through Medicaid until they get Medicare. When they get Medicare, they can suddenly face very big bills for Medicare—this is called the "Medicare cliff." It is like getting pushed off a cliff into a pile of medical bills. One person said: "They pulled the rug out from under me."

This happens because Medicaid covers many adults who earn more than the poverty level (up to 138%) and many MSPs only help people at or below the poverty level. People at or near the poverty level do not make very much money. That gap means some people fall through the cracks. These people get no help paying for Medicare at all.

### **The Fix:**

Raise the income limit so more people can get help from MSPs. People switching from Medicaid to Medicare would not suddenly lose coverage or face huge new bills. 6 states and Washington D.C. have made changes like this for the people who live in those places.

### **What Would This Do?**

- People who earn just a little above the poverty level would get help.
- People are less likely to skip doctor visits because they cannot afford to go.
- Research shows that losing coverage like this can lead to earlier death. Fixing this could save lives.
- States would spend more money overall to pay for Medicare costs for more people.



## **Be Fair to Family Caregivers (End the MSP Family Caregiver Penalty)**

### **The Problem:**

Some people on Medicare take care of others in their home—like a grandparent raising grandchildren, or a parent caring for an adult son or daughter with a disability. But most states only count the person and their spouse when looking at the size of the family. They do NOT count the extra people they are feeding and housing.

This means a grandparent raising two grandchildren is treated the same as someone living alone, even though they need much more money just to get by. We call this the "MSP family caregiver penalty."

### **The Fix:**

Count ALL the people that someone is supporting. If a grandparent is raising two grandchildren, count that family as three people—not just one. This raises the income limit so caregivers can still qualify for help.

### **For example:**

- Old rule: One person alone can earn up to \$1,350 a month to be in the program.
- New rule: If they are raising two children, the limit goes up nearly \$1,000 to \$2,297 a month. This could make a big difference in many people's lives.

### **What Would This Do?**

- It helps grandparents raising grandchildren.
- It helps parents with adult children who have disabilities.
- It helps in many communities of color, where grandparents, parents, and children (both young children and adults) living together is more common.
- States would spend a little more money to pay for Medicare costs for more people.



## **Ignore Property that is Hard to Sell** **(Simplify Eligibility by Disregarding the Value of Non-Liquid Assets)**

### **The Problem:**

Some things people own are very hard to sell—like farm equipment or extra land. Right now, states count the value of these items when deciding if someone is eligible for MSP. Selling these things can take a long time or may not even be possible.

One Medicare counselor explained that farm families are especially affected by this problem. Farm equipment can be worth tens of thousands of dollars. A tractor can cost more than a house, but it does not help you when you are hungry or need home care.

### **The Fix:**

Stop counting these items that are hard to sell (called **non-liquid assets**) when deciding if someone qualifies. Only look at money in the bank and things that can easily be turned into cash.

### **What Would This Do?**

- It helps farmers and rural residents who own land or equipment.
- It helps people who get items that are hard to sell from other people who have died.
- State workers no longer have to figure out the value of things like old farm equipment.
- States would spend a little more money to pay for Medicare costs for more people.

## The Big Picture: Why Does This Matter?

When people cannot afford Medicare, it is bad for their health. They skip doctor visits. They do not take their medicine. They get sicker. Some die earlier than they would if they had help with getting health care.

Research shows that the Medicare Savings Programs help people get care sooner and live longer. The problem is that millions of people who deserve help are not getting it—because signing up is too hard. And because many people who do not have a lot of money do not meet the state rules to get help.

These four ideas would make it much easier for people to sign up and stay in MSPs.

### Quick summary of the ideas for states:

**Focus on Income, Not Savings:** Remove the asset test. Make signing up faster and easier. It is already working in 14 places.

**Fix the Medicare Cliff:** Help people who earn a little more than the poverty level stay away from huge bills when switching from Medicaid to Medicare.

**Be Fair to Family Caregivers:** Count the people someone is supporting. Helps grandparents and parents of adults with disabilities get the money they need.

**Ignore Property that is Hard to Sell:** Stop counting farm equipment, extra land, and similar items. Helps farmers and rural families.

### How can these ideas become real?

States can choose to use any or all of these ideas. They would need to ask the federal government for permission, but that process is not unusual. States often make changes to their Medicaid programs. Once approved, states would update their rules and let people know.

**The goal is simple: make it easier for people who need help to get help.**

Millions of older adults and people with disabilities are missing out on thousands of dollars in savings every year. These ideas could change that.

[For more information, contact: info@ADHealthPolicyLab.org.](mailto:info@ADHealthPolicyLab.org)