

**Chairman Frank Pallone, Jr.**  
**Subcommittee on Health**  
**Hearing**  
**Medicare Savings Plans and Low Income Subsidy: Keeping Medicare's**  
**Promise for Seniors and People with Disabilities**

**Opening Statement**

**May 15, 2007**

Good afternoon. The focus of today's hearing is the Medicare Savings Programs, which consist of the Qualified Medicare Beneficiary (QMB) Program, the Specified Low-Income Beneficiary (SLMB) Program, and the Qualified Individual (QI-1) Program. We will also hear about the newest financial assistance program available to Medicare beneficiaries, the low-income subsidy (LIS) that was created as part of the new Part D benefit.

These financial assistance programs are a vital part of Medicare because they help ensure that millions of low-income beneficiaries are able to access the health benefits that they are entitled to.

Many of the Medicare beneficiaries who qualify for these programs are our most vulnerable. They are more frail, more disabled, have greater health care needs that are often more expensive. They are also more likely to be female, live alone, and more likely to be racial minorities.

Ensuring the success of the MSP and LIS programs means ensuring access to health care services to those who need it most. Without the Medicare Savings Programs and Low-Income Subsidy, millions of low-income beneficiaries would be faced with the inability to afford the premiums, deductibles, and cost-sharing requirements they are responsible for. According to the Kaiser Family Foundation, in 2005, over half of people with Medicare lived on less than \$20,000 a year. Most of their income came directly from their monthly social security checks.

While I applaud the work that has already been done to enroll millions of Americans in these critical programs, there is clear evidence that we are not doing enough to ensure that everyone who is eligible for these benefits is receiving them. According to the Congressional Budget Office, participation rates for the QMB and SLMB programs are 33 and 13 percent respectively. That is awful.

Furthermore, there could be up to five million Medicare beneficiaries who are eligible for the low-income subsidy under the prescription drug benefit, but are not enrolled. According to the Kaiser Family Foundation, more than 2.3 million of

those beneficiaries meet the necessary income requirements to qualify for the low-income subsidy, but are deemed ineligible due to the asset test.

Clearly we can and should be doing more to improve participation rates in these programs and ensure these beneficiaries have access to the health benefits they need and deserve. Today we will hear from a number of witnesses about ways we can improve these programs, such as adjusting the asset test under Medicare Part D's LIS program, so it is not so burdensome. We will also hear about the importance of improving outreach efforts, streamlining the application process, and increasing income eligibility limits under the MSP programs.

For the past 6 years President Bush and the previous Republican led Congresses have shelled out continuous subsidies worth billions of dollars to the prescription drug and insurance industries in an attempt to privatize the Medicare system. Between Medicare Part D and Medicare Advantage they have made out like bandits all at the expense of the American taxpayer and the Medicare beneficiaries themselves. The time has now come to refocus our attention and target our resources more effectively so we can provide the most help to our most vulnerable citizens.

I am looking forward to hearing from our witnesses today about how these programs are working and how we might be able to make some improvements. I appreciate you being here today. I now recognize our ranking member, my friend Mr. Deal from Georgia, for five minutes for the purpose of making an opening statement.