

**Administrative Costs Associated with Enrollment and Renewal for the  
Medicare Savings Programs: A Case Study of Practices in New Hampshire**

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**February 2006**

*Introduction*

One important element of the *State Solutions* project is an examination of current program policies and – based on research and experience – to provide information that policy makers can use as they consider how to operate the Medicare Savings Programs most effectively. The *State Solutions* National Program Office (NPO) at Rutgers Center for State Health Policy has worked with several grantees to examine the time and costs associated with performing tasks related to enrollment and renewal. Each state has different policies in place and each is considering different types of policy changes.

This Issue Brief describes the enrollment and renewal processes for the Medicare Savings Programs, or MSP, in New Hampshire. The Brief indicates that the process used to verify the value of assets is time consuming and therefore costly. Furthermore, the proportion of MSP applicants found ineligible because of discrepancies between the reported and verified value of assets is very small. This suggests that changes in rules for counting and verifying asset values could yield significant administrative savings without compromising program integrity. In addition, the use of data systems to conduct internal verification of information about income would be more efficient and less costly than current procedures.

The information presented here pertains to policies and practices in New Hampshire, but is also relevant for policy makers in other states as they contemplate how to best administer the enrollment and renewal process for public programs. This comes at a time when states are taking on new responsibilities related to enrollment for the Medicare Part D low-income subsidy and contending with significant budget pressures.

## *Background*

Federal rules set income and asset limits for the Medicare Savings Programs, but states have some discretion with regard to the methods used to count income and assets and the process used to make eligibility determinations for the programs.<sup>1</sup> Many have taken steps to develop simple application and renewal processes for the Medicare Savings Programs, although there is still considerable difference in procedures across states. Among the actions that states have taken:

- Some states disregard – or do not count – particular assets, or disregard some part of the value of assets when eligibility is determined. This results in asset limits for the programs being effectively higher than the federal standard.<sup>2</sup>
- Some states allow applicants to make “self-declarations” about the value of their income or assets. They are not required to provide verification documents.
- State Medicaid programs are required to collect from the estate of deceased Medicaid beneficiaries the amounts paid for long-term care services. They may also extend estate recovery to other services. Some states have made an effort to clearly state that estate recovery does not apply to Medicare Savings Program benefits.
- Most states allow individuals to submit applications by mail rather than having to appear for a face-to-face interview.
- Most states have taken steps to simplify the application form for the Medicare Savings Programs.
- Some states have streamlined the renewal process so that program participants are not required to reapply for benefits, but are simply asked to indicate that their financial circumstances have not changed significantly and therefore they remain eligible. Or, the state Medicaid program checks other program records, such as Food Stamp records, to verify that financial circumstances have not changed. Eligibility can then be extended for another year.

Enrollment and renewal simplification have advantages for applicants in that they are better able to understand the process and comply with the requirements. A simpler process will also have positive results for program administration. If the process is modified to be less labor intensive, the cost of making eligibility and renewal determinations will decrease. More staff time may then be available for other tasks and, in states that have to contend with staff shortages, a simple process may make workloads more manageable.

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<sup>1</sup> Federal rules specify that various Medicare Savings Program benefits be available to people with incomes less than 135 percent of the federal poverty level and with countable assets valued at less than \$4,000 for an individual and \$6,000 for a couple. Under section 1902(r)(2) of the Social Security Act, however, states have the ability to use less restrictive methods for calculating the value of income or assets than those specified in federal law.

<sup>2</sup> Certain deductions are allowed in making calculations for the value of assets. For example, federal law allows a deduction for the value of an applicant’s home. Federal law also specifies deductions for the value of certain assets, such as automobiles, that applicants can own.

*Policy issues of particular interest for New Hampshire's Medicare Savings Programs*

New Hampshire has already made some changes to simplify the enrollment and renewal processes:

- Applications and renewal forms have been simplified.
- Requirements for estate recovery for Medicare Savings Program enrollees have been eliminated, thus removing one of the perceived barriers to program participation.
- In 2003, the Department of Health and Human Services clarified that individuals currently receiving SSI or Medicaid benefits (and approved for the benefits after August 22, 1996) do not have to provide proof of citizenship or alien status. In addition, proof of age can be verified with documents other than birth certificates.

The New Hampshire Medicare Savings Coalition, the *State Solutions* grantee in New Hampshire, was interested in examining the time and effort associated with verifying information to establish financial eligibility for the program and particularly in examining costs associated with the use of an asset test for enrollment and renewal in the Medicare Savings Programs. Also, New Hampshire is a state that still requires face-to-face interviews for MSP applicants. This policy is often cited as posing a barrier to MSP enrollment and contributing to the administrative costs associated with enrollment.

Medicare Savings Programs and the Medicare Part D Low-Income Subsidy

Beginning January 2006, the new Medicare Part D Prescription Drug Benefit will become available. Subsidies to help low-income Medicare beneficiaries with the cost of premiums and copayments for the drug plan also are available. The financial eligibility criteria for the subsidies are similar to the criteria for the Medicare Savings Programs. In addition, individuals receiving MSP benefits automatically qualify for the low-income subsidies. Low-income Medicare beneficiaries who are not already enrolled in the Medicaid program or in Medicare Savings Programs must apply for subsidies either at state Medicaid offices or through the Social Security Administration. State Medicaid programs are required to screen and enroll low-income subsidy applicants for Medicaid and MSP as well. Although the same screening requirements do not apply when applications are processed through the Social Security Administration, there is great potential to streamline the income and asset verification processes through referrals to state Medicaid offices and through information sharing. Processing applications for the subsidy, as well as responding to Medicare beneficiaries' questions about the subsidy and the new benefit, are added administrative functions for state and local Medicaid offices, which already have limited resources. Therefore, this is a logical time to consider ways to simplify the enrollment and renewal processes for both the Medicare Savings Programs and the Medicare Part D low-income subsidy.

## *Methods*

A case study approach was used to describe the enrollment and renewal processes in New Hampshire at a point in time and to make estimates of some of the basic costs associated with each process. The emphasis was on activities that occur at local Medicaid offices.

Initially, a number of state and local officials were contacted and asked to describe the enrollment and renewal processes in New Hampshire. Two sets of questions were developed based on that information: one for Family Support Specialists who make eligibility determinations and one for Medicaid Clerks who generally help with some of the clerical tasks related to processing applications. Questions were asked about enrollment and renewal activities (see Appendix A).

The sets of questions were used by members of the Community Services Council of New Hampshire to interview Medicaid staff. Structured interviews were conducted with Clerks and Family Support Specialists in the spring of 2005 in three District Offices that vary in geographic location and size but are not necessarily representative of the entire state: Claremont, Concord, and Keene. In each district, interviews were conducted with one clerk and three Family Support Specialists. Office Supervisors also were interviewed. Because there are differences in who performs tasks and how they are performed locally it was necessary to be somewhat flexible in asking the questions about tasks. The enrollment and renewal processes are similar enough across the state, however, that it was possible to make comparable time estimates for each process.

Each respondent was asked to estimate the amount of time required to accomplish specific tasks related to the enrollment of “typical,” or average, applicants for the Medicare Savings Programs or the renewal of benefits for the typical MSP beneficiary. The assumption in determining the total time for each process was that each of the routine tasks associated with enrollment and renewal would be performed for the typical MSP applicant or beneficiary. For example, in practice it is not necessary to contact every applicant to ask for missing information, but the assumption is that this task will be performed for the typical client. The totals do not include time associated with tasks that are not routine, but may be requested, however. For example, time spent talking with applicants who call to check on the status of their applications or to get information about the Medicare Savings Programs or related benefits are not reflected in the totals.

Costs related to the enrollment and renewal processes were calculated by multiplying the average amount of time associated with each process by the personnel cost per employee for each of the types of employees involved at each site. An average of the personnel costs per site was then calculated to get an estimate of the basic personnel costs associated with enrollment and renewal in the state. Personnel costs, provided by the state Medicaid program, include the salary and related benefits for each type of employee as well as costs related to space, telephones, supplies and equipment. Generally, employees who have

been on the job for more years have higher salaries. The figures used in this analysis for salaries, benefits, and related costs are for employees with two years experience in 2005. Costs for printing and postage also were included in estimates of costs for enrollment and renewal.

It is important to note that these estimates represent just a portion of the cost of enrollment and renewal. They only represent the costs associated with the work performed locally by clerks, Family Support Specialists, and supervisors. The estimates are conservative because the personnel cost figures used represent salaries and benefits for employees with two years of service, but many of the people interviewed have been employed considerably longer. The time that other employees spend, for example state staff who provide program, data, or other types of support, is not included. In addition, the estimates do not include the cost of purchasing, programming and reprogramming, and maintaining data systems. And, the cost of activities related to program outreach is not included.

## Enrollment and Renewal for the Medicare Savings Programs in New Hampshire

### *The enrollment process*

Eligibility determinations for the Medicare Savings Programs occur at District Offices across the state. In response to inquiries about MSP enrollment, application forms with postage paid return envelopes and a checklist of required verification documents are given or sent to potential applicants. When the forms are returned, clerks at the District Offices enter basic demographic information in the computer system to register new applicants. Applications then go to Family Support Specialists who review the application and, if necessary, consult with the client regarding missing information. Standard “Request for Information” forms are sent with postage-paid return envelopes and clients are given 10 days to provide the missing information or documents. After entering pertinent information in the computer system, Family Support Specialists make eligibility decisions and notify the state Department of Health and Human Services, which sends a computer-generated “Notice of Decision” to applicants.

### *The renewal process*

Renewal is strictly a mail-in process. Renewal packets, including a cover letter, application, document checklist, and postage-paid return envelope, are mailed out to enrollees from the state Department of Health and Human Services approximately one month before the end of the enrollment period. Applications and verification documents are returned to the District Office where clerks ensure that basic information in the computer system is up to date and then distribute the renewal applications to the appropriate Family Support Specialist. As with the initial application, the Family Support Specialist reviews the renewal application, contacts the enrollee if additional information or documents are needed and, after entering pertinent information in the computer system, makes an eligibility determination, which is communicated to the state office. Computer generated letters are sent to enrollees to advise them of the eligibility decision.

*Findings and Discussion*

Findings on administrative costs associated with enrollment and renewal for the Medicare Savings programs indicate that some administrative savings could be achieved if rules regarding asset limits were changed and if the verification process for the value of assets and income were different.

*The basic costs of enrollment and renewal*

On average, in three districts in New Hampshire, the basic cost associated with enrolling applicants in the Medicare Savings Programs is \$27.83 per applicant. Costs are lower, on average, when beneficiaries are re-enrolled in the programs, \$22.21 (see Table 1).

**Table 1. Average basic costs per applicant for enrollment and renewal in the Medicare Savings Programs in New Hampshire**

	<b>Personnel</b>	<b>Postage and Printing</b>	<b>Total</b>
Enrollment	\$25.71	\$2.12	\$27.83
Renewal	\$20.09	\$2.12	\$22.21

Source: Health Policy Institute, Georgetown University

*The verification process is time consuming and therefore, costly*

When Family Support Specialists were asked to describe the most common problems or questions that applicants have, the overwhelming response was that applicants have difficulty providing the information or documents needed to verify their financial status, particularly information about the value of assets. Similarly, Family Support Specialists report that, for them, the most difficult and time-consuming part of the enrollment process is verifying information about income or assets. On average, about two-thirds of the time they spend verifying financial information is spent on asset verification. Requirements for applicants to provide documents showing the value of their assets are meant to ensure that the value of assets is reported accurately, but data from New Hampshire suggest that this may not be the most efficient or effective system. Family Support Specialists estimate, for example, that it takes an average of nine minutes each time they have to verify information about the value of life insurance policies, yet they also report that only about two percent of MSP applicants are found ineligible because of discrepancies in reporting the value of the asset (see Table 2).

**Table 2. Time spent verifying asset values and outcomes of the verification**

<b>Asset</b>	<b>Average time spent to verify information provided (minutes)</b>	<b>Proportion of MSP applicants found ineligible because of discrepancies in reporting the value of the asset</b>
Bank Accounts	4	4%
Life Insurance Policies	9	2%
Burial Funds	4	1%

Source: Health Policy Institute, Georgetown University

*Changes in rules for counting assets could yield significant administrative savings for the state*

New Hampshire could make a policy change similar to that of Louisiana in 2003, which increased the allowable deduction for the value of life insurance or burial funds. Under the old policy, the value of each of these types of assets exceeding \$1,500 was counted in determining the total value of an applicant’s assets. Applicants were required to provide documents to verify the values. Under Louisiana’s newer policy, the allowable deduction for the value of life insurance or burial funds is \$10,000. Applicants are only required to provide documentation, and eligibility workers are only required to verify the information if the value of either of these assets exceeds \$10,000. In interviews in Louisiana, every Medicaid Analyst indicated that the new policy has had an impact on his or her work, accounting for a reduction in time spent on each case during the enrollment and renewal processes. Substantial administrative savings accrued from the policy change.<sup>3</sup> A similar policy change in New Hampshire could also yield administrative savings. Responses from Family Support Specialists indicate that they spend about 13 minutes, on average, verifying information about life insurance and burial plots. They must often send reminders or forms to verify information about life insurance or burial plots. These activities cost almost \$69,000 annually, but if the limits for which verification is required were increased or if self-declaration were allowed with regard to life insurance and burial plots, administrative spending could be reduced considerably (see Table 3). Another approach to consider with regard to rules for verifying the value of assets is one used in Minnesota, which does not require that the value of assets owned by MSP applicants be verified unless the total declared value is within \$300 of the limit.

<sup>3</sup> Summer, Laura, *Administrative Costs Associated with Enrollment and Renewal for the Medicare Savings Programs: A Case Study of Practices in Louisiana*, State Solutions National Program Office, available at: [www.statesolutions.rutgers.edu](http://www.statesolutions.rutgers.edu).

**Table 3. Potential savings associated with different policies regarding less verification for the value of life insurance or burial funds**

	<b>Personnel savings per individual*</b>	<b>Printing and postage savings per individual**</b>	<b>Total savings per individual</b>	<b>Number of individuals applying or renewing annually***</b>	<b>Potential annual savings</b>
Enrollment	\$4.57	\$2.10	\$6.67	5,385	\$35,915
Renewal	\$4.57	\$2.10	\$6.67	4,921	\$32,821
Total					\$68,736

\*Accounts only for Family Support Specialists' time

\*\*Assumes two requests for verification will not have to be sent and returned

\*\*\*For the period from September 2004 through August 2005

Source: Health Policy Institute, Georgetown University

***Changes in the verification process at renewal could be helpful***

Even if policy makers are reluctant to make changes in enrollment procedures, changes in renewal procedures are worth considering. There is evidence to show that the financial circumstances of older people with low incomes do not change substantially over time.<sup>4</sup> If asset values already have been verified at enrollment, a repeat of the verification process may be unnecessarily time-consuming and costly.

Even if asset verification is not eliminated entirely at the time of renewal, it may be prudent to relax rules regarding verification for life insurance and burial plots at renewal. Several Family Support Specialists noted that they try to help MSP enrollees maintain eligibility at the time of renewal because there is at least a three-month time lag to reinstate benefits even if beneficiaries apply immediately after losing benefits. Also, the process of handling a new application rather than a renewal application is more time consuming and costly.

***More internal income verifications could produce more administrative savings***

Supervisors and Family Support Specialists report that their ability to conduct data matches to verify income with the Social Security Administration has made the enrollment and renewal processes faster and easier. Still, they estimate that, on average, they spend about 9 minutes per case verifying information about income other than Social Security Income. If other information sources, such as Food Stamp records, can be used to check information submitted regarding income and assets, the enrollment process

<sup>4</sup> Summer, Laura and Lee Thompson, *How Asset Tests Block Low-Income Medicare Beneficiaries from Needed Benefits*, The Commonwealth Fund, May 2004.



can be more efficient for Family Support Specialists and applicants. On average, Family Support Specialists estimate that they contact about half of applicants to ask them to provide missing information. More applicants could use assistance, but with an average caseload of about 370 clients, Family Support Specialists note that they simply do not have enough time to follow up on all missing information.

The “ex parte” renewal process used in Louisiana is worth considering. It relies on current information already available to the state agency, usually from other government records such as Food Stamp program records. Before they contact MSP enrollees about renewal, Medicaid Analysts search the Food Stamp database, along with others, to see if they can verify that individuals still qualify for benefits based on their income and assets. If input on the part of beneficiaries is not needed, the Analyst updates the information system, changes the date of eligibility, and sends a notice that enrollment has been extended and that program benefits will continue for another year. In considering such a change, it is important to note that the practice of asking applicants to submit documents to verify information about income or assets is not required by law. In fact, the only requirement regarding documentation for Medicaid or SCHIP is for verification of immigration status for applicants who are not citizens or nationals of the United States.<sup>5</sup> Other states increase efficiency by using “rolling renewals” They allow eligibility workers to extend eligibility for one program at the same time they are certifying or re-certifying families for another even if the renewal dates are not the same. Thus, the renewal process occurs once instead of twice or more often.

### *The requirement for face-to-face interviews should be eliminated*

The requirement for face-to-face interviews as part of the application process was routinely described as infeasible given that Family Support Specialists have such high caseloads. Also, many Specialists noted that the population applying for the Medicare Savings Programs is particularly vulnerable, making travel to the District Offices difficult, particularly in the winter months. As a practical matter, some applications for the Medicare Savings Programs are processed without in-person interviews. In some cases, phone interviews are conducted. The requirement for interviews remains on the books, however, causing confusion and, in some cases, discouraging program participation. A number of other states have eliminated the requirement for interviews without compromising program integrity. Such a policy change in New Hampshire could ease the enrollment process for applicants and Family Support Specialists and could reduce the time and costs associated with enrollment.

### *Other simple policy changes may be helpful*

When they discussed difficulties associated with the enrollment and renewal processes a number of Family Support Specialists suggested that efforts to verify information could be more successful if individuals had more than ten days to respond to requests for information. They also noted that a simpler

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<sup>5</sup> Centers for Medicare and Medicaid Services, *Continuing the Progress: Enrolling and Retaining Low-Income Families and Children in Health Care Coverage*, August 2001.

renewal letter might elicit a better response. Finally, there was general agreement that when applicants receive help at the Health Insurance Counseling, Education, and Assistance (HICEAS) offices and applications are then sent from HICEAS to the District Office, the job of the Family Support Specialist is much easier and the enrollment process is much more efficient.

### *Conclusion*

This description of the New Hampshire experience indicates that there is potential for administrative savings when states simplify the enrollment and renewal processes for the Medicare Savings Programs. The amount of savings will depend on current policies and procedures and the types of changes that are implemented. At a time when state budgets are tight and state Medicaid offices are taking on new responsibilities related to the Medicare Part D low-income subsidy, administrative simplification may have some appeal to policy makers. There has been reluctance in some instances to simplify enrollment procedures because of concerns that the number of new program beneficiaries will increase substantially as a result, but increases in MSP enrollment already are anticipated as Medicare beneficiaries apply for the low-income subsidy. Also, it should be noted that concerns about enrollment increases are less relevant to renewal simplification. Individuals already enrolled in the Medicare Savings Programs are already aware of the programs and likely will reapply for benefits when they realize that benefit renewal did not occur. Thus, the use of a simple renewal process that is inexpensive to administer may be advantageous for the state, as well as for beneficiaries.

*Appendix A*

**Structured Questions**

**New Hampshire**

**Questions for District Office Clerks**

Questions regarding the enrollment process

1. When someone calls or comes into the District Office initially to express interest in applying for MSP, how many minutes are typically spent with them to check and see if they are in the system, to explain procedures, to answer questions?
2. How many minutes does it typically take to put together and mail a packet containing an application, verification checklist, and self-addressed stamped envelope?
3. For a typical MSP applicant, how many minutes are spent processing applications, including entering information from the application form in the system?
4. How much time is spent distributing the application to the appropriate family support specialist?
5. When the office receives items from MSP applicants in response to requests from family support specialists for more information or verification documents, how many minutes does it typically take to process the items and get them to the appropriate family support specialist?
6. Are there other steps in the enrollment process for typical MSP enrollees that we have not asked about? If so, please use the space below to:
  - Describe each task
  - Indicate what proportion of applicants the task applies to
  - Estimate how many minutes each task requires

Questions regarding the renewal process:

1. For a typical MSP applicant, how many minutes are spent processing renewals, including entering information from the renewal form in the system and distributing the renewal form to the appropriate family support specialist?
2. When the office receives items from MSP applicants in response to requests from family support specialists for more information or verification documents, how many minutes does it typically take to process the items and get them to the appropriate family support specialist (including determining which specialist has the case)?

3. Are there other steps in the renewal process for typical MSP enrollees that we have not asked about?  
If so, please use the space below to:
  - Describe each task
  - Indicate what proportion of applicants the task applies to
  - Estimate how many minutes each task requires

### Questions for Family Support Specialists

#### Questions regarding the enrollment process:

1. For a typical MSP applicant, how many minutes are spent putting the initial application information into the system?
2. What proportion of MSP applicants do you have to contact by phone or mail to ask them to provide missing information? How much time does it take?
3. How much time does it take to contact applicants a second time to ask them to provide missing information?
4. For a typical MSP applicant, how much time does it take to verify information that they have submitted regarding income or assets?
5. When you have to verify information for MSP applicants, what percent of the time is spent verifying information about income and what percent about assets? (add to 100%)
6. What proportion of MSP applicants do you help get the information they need so that their income or assets can be verified? How much time do you spend helping them?
7. How much time do you spend talking with applicants who have questions regarding their MSP applications, including explaining the renewal process?
8. When you receive information or verification documents, how long does it take to finish putting the information in the system?
9. For a typical MSP applicant, how many minutes are spent making an eligibility determination and sending notices to clients?
10. How many minutes are spent putting case notes or comments in the system?
11. How much time is spent copying and returning verification documents?
12. How many minutes are typically spent verifying each type of information for an MSP applicant: birth certificate, social security number, social security income, other income, bank account, life insurance, burial fund?
13. When you verify each type of information, for what proportion of MSP applicants do you find discrepancies that make them ineligible for the programs?

14. Are there other steps in the enrollment process for typical MSP enrollees that we have not asked about? If so, please use the space below to:
- Describe each task
  - Indicate what proportion of applicants the task applies to
  - Estimate how many minutes each task requires

Questions regarding the renewal process:

1. When you receive an MSP renewal form, how many minutes does it take to begin processing the case (pull up the record, find the case, and enter information into the system)?
2. What proportion of MSP applicants do you contact by phone or mail to ask them to return the renewal form? How much time does it take?
3. What proportion of MSP applicants do you contact by phone or mail to ask them to provide missing information? How much time does it take?
4. How much time does it take to contact applicants a second time to ask them to provide missing information?
5. For a typical MSP applicant, how much time does it take to verify information that they have submitted regarding income or assets?
6. How much time does it take when you help applicants get the information they need so that their income or assets can be verified?
7. For a typical MSP applicant, how many minutes are spent putting outstanding information in the system, making an eligibility determination, sending notices to clients, and making case notes or comments?
8. How much time is spent copying and returning verification documents?
9. Are there other steps in the renewal process for typical MSP applicants that we have not asked about? If so, please use the space below to:
  - Describe each task
  - Indicate what proportion of applicants the task applies to
  - Estimate how many minutes each task requires
10. Approximately how big is your caseload?

Policy related questions:

1. What are the most common problems or questions that applicants have or enrollment barriers that they face?
2. What is the most difficult or time-consuming part of the enrollment/renewal process?
3. What would make (or has made) the enrollment/renewal process faster or easier?
4. Do applicants express concerns about estate recovery? Are there differences now that the policy regarding estate recovery has changed?

### Questions for Supervisors

1. On a monthly basis, approximately how many hours to you spend on training related to the MSP, questions from staff on resolving problems related to the MSP, or other supervision regarding the MSP?
2. On a monthly basis, approximately how many hours would a family support specialist spend on training activities related to the MSP?
3. What are the most common problems or questions that applicants have or enrollment barriers that they face?
4. What is the most difficult or time-consuming part of the enrollment/renewal process?
5. What would make (or has made) the enrollment/renewal process faster or easier?
6. Do applicants express concerns about estate recovery? Are there differences now that the policy regarding estate recovery has changed?

### State Solutions

The Medicare Savings Programs are publicly financed programs that help people pay for costs associated with Medicare, such as premiums, co-payments and deductibles. It is estimated that 5 million people are eligible to receive financial help through the Medicare Savings Programs, but only half are enrolled. Eligibility is generally granted to Medicare enrollees with low incomes, including people with disabilities and seniors.

State Solutions is a national program working to increase enrollment in and access to the Medicare Savings Programs. Funding for State Solutions is provided by The Robert Wood Johnson Foundation and The Commonwealth Fund.