



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](mailto: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.