



QI PROGRAM ENDS AS OF OCTOBER 1, 2005

The Qualified Individual (QI) program, previously extended through September 30, 2005, has expired. Advocates and some policy makers want to make the benefit – which originally expired in 2002 and has limped along on short-term extensions ever since – permanent, but to date that has not happened. And, in fact, the House of Representatives went out of its latest session and failed to pass even a short extension of the QI program. The Centers for Medicare & Medicaid Services has said they can continue to operate through part of next week. However, Congress has never allowed the program to expire in this manner and it is unclear whether the bill can get passed next week. If so, out-of-pocket costs would increase by almost \$1000 for the low-income beneficiaries who relied on this program.

Medicare beneficiaries who have incomes between 120% and 135% of federal poverty levels and countable assets less than \$4,000 for an individual or \$6,000 for a couple qualify for the QI program, if it is active. Some states, like Connecticut, have no asset test for the program. The benefit for those who qualify is payment of the Medicare Part B premium by the state Medicaid program. The program is funded entirely with federal dollars and, unlike the other Medicare Savings Programs – Qualified Medicare Beneficiary (QMB), Specified Low-Income Medicare Beneficiary (SLMB) and Qualified Disabled and Working Individual – QI is not an open-ended entitlement. That is to say, when a state's annual allotment for QI funds is used up, no other individuals can get the benefit. However, six states - Alabama, Arizona, Connecticut, Louisiana, Mississippi and Oregon - received a reallocation of funds from states that had not used all their funds this past year, thus allowing them to continue enrolling beneficiaries.

The benefit will be more important than ever in 2006 when the Part B premium increases to \$88.50 per month. Also important to note is the fact that those who qualify for QI are automatically deemed eligible for the full low-income subsidy for Part D. Termination of the program therefore may create difficulties for people who were otherwise eligible but have not applied. Those who are on QI now will get the subsidy for this year without applying if the QI program is not renewed.

Legislation to make the QI program permanent is set to be introduced in the next session, as the re-extension process is difficult and unproductive for all involved, including beneficiaries and the states. Legislators are hoping an extension can still be passed and that a permanent authorization can be passed.

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