

September 17, 2015

Dear Senator,

The undersigned organizations are writing to **strongly urge you to oppose the unprecedented proposed Senate Appropriations Committee 42% cut in funding for State Health Insurance Assistance Programs (SHIPs)**, from \$52.1 million to \$30 million. A cut of this magnitude would dramatically erode the SHIP national network of unbiased, reliable, and personalized Medicare benefits information counseling to older adults, people with disabilities, and their families. In fact, if SHIP funding had simply kept pace with inflation and the increasing number of Medicare beneficiaries since FY11, spending for FY16 should be \$63.8 million.

SHIPs receive funding under the Administration for Community Living for 54 grantees (all states, Puerto Rico, Guam, DC, and the US Virgin Islands), overseeing a network of more than 3,300 local SHIPs and over 15,000 counselors.<sup>1</sup> The proposed funding cut comes at a time when Medicare just celebrated its 50<sup>th</sup> anniversary, and about 10,000 Americans are becoming Medicare eligible each day – significantly increasing the need and demand for SHIP services. One-on-one assistance provided by SHIPs has grown from 1.2 million client contacts in 2005 to 3.4 million contacts in 2014, a 270% increase.

If a 42% cut resulted in an across-the-board reduction in services, almost 1.5 million fewer people with Medicare would receive assistance. Since over 57% of SHIP counselors are volunteers, who donate almost 2 million hours of assistance, such a reduction could also result in reduced or compromised volunteer training, which increases the risk of erroneous advice and reduces the quality of services receive.

Understanding the A, B, C, and D's of Medicare is often an overwhelming process. It can also be an isolating experience if seniors and people with disabilities don't know where to get help. The SHIPs have provided local, in-depth, insurance counseling and assistance to Medicare beneficiaries, their families, and caregivers since 1992. Counseling services are provided via telephone, and one-on-one in-person sessions, in addition to approximately 94,000 public education presentations last year. These personal, face-to-face services are especially important for the significant number of Medicare beneficiaries with cognitive illness or other chronic conditions that make it more difficult to process complicated information.

The primary goal of SHIPs is to advise, educate, and empower individuals to navigate this increasingly complex program and to help beneficiaries make choices among a vast array of options to best meet their needs. Making informed decisions among 30+ prescription drug plans, an average of 18 Medicare Advantage plans, as well as various Medigap supplemental insurance policies, can improve access to quality care and saves money for Medicare beneficiaries, and potentially reduce Medicare spending as well. For example, research has indicated that if beneficiaries chose the least expensive Part D plan available in their region, they could save an average of \$368 per year and that only 5.2 percent of the beneficiaries in the study sample chose the least expensive plan.<sup>2</sup> Given the significant differences in premiums, cost sharing, provider networks, and coverage rules, SHIPs play a critical role in ensuring that these choices are well informed and thoughtful for each beneficiary served. SHIPs also provide assistance with fraud and abuse issues, billing problems, appeal rights, and enrollment in low-income protection programs.

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<sup>1</sup> See <http://www.acl.gov/Programs/CIP/OHIC/SHIP.aspx>

<sup>2</sup> See "The Vast Majority of Medicare Part D Beneficiaries Still Don't Choose the Cheapest Plans That Meet Their Medication Needs;" Chao Zhou and Yuting Zhang; *Health Affairs*, October 2012 (<http://content.healthaffairs.org/content/31/10/2259.full.pdf+html>) and "Plan Selection in Medicare Part D: Evidence from Administrative Data;" Florian Heiss, Adam Leive, Daniel McFadden, and Joachim Winter; National Bureau of Economic Research, June 2012 (<http://www.nber.org/papers/w18166>)

These are increasingly critical services that cannot be provided by 1-800 Medicare, on-line or written materials, or other outreach activities. In fact, all of these and other sources routinely refer beneficiaries to SHIP Counselors, including Medicare Advantage and Part D prescription drug plans, local and state agencies, 1-800-Medicare, the Centers for Medicare and Medicaid Services, the Social Security Administration, and members of Congress and their staff. Approximately one-third of SHIP referrals are from these partners, many of whom include SHIP contact information in their websites, publications, and correspondence to beneficiaries as the source of assistance when individuals need help.

Thank you for your attention to this matter. While our strong preference would be to index FY11 funding levels for FY16 to \$64 million in order to better meet growing needs, we ask that the Senate reject this unprecedented proposed cut and level fund the program at \$52.1 million, as the House Appropriations Committee has recommended.

Sincerely,

ACCSES

Aging Life Care Association

Alliance for Aging Research

Alliance for Retired Americans

American Association on Health and Disability

American Diabetes Association

American Foundation for the Blind

American Society on Aging

B'nai B'rith International

Brain Injury Association of America

California Health Advocates

Center for Medicare Advocacy

Dialysis Patient Citizens

Easter Seals

Families USA

Gerontological Society of America

Health and Disability Advocates

Lakeshore Foundation

Justice in Aging

Medicare Rights Center

National Academy of Elder Law Attorneys

National Asian Pacific Center on Aging

National Association of Area Agencies on Aging

National Association of RSVP directors

National Association of Social Workers (NASW)

National Association of State Head Injury Administrators

National Association of State Long-Term Care Ombudsman Programs (NASOP)

National Association of States United for Aging and Disabilities (NASUAD)

National Committee to Preserve Social Security and Medicare

National Council on Aging

National Council on Independent Living

National Multiple Sclerosis Society

Wider Opportunities for Women

Women's Institute for a Secure Retirement (WISER)