**Issue Brief**

**Funding for Medicare State Health Insurance Assistance Programs (SHIPs)**

Understanding the A, B, C, and D’s of Medicare is an overwhelming, isolating experience if seniors and people with disabilities don’t know where to get help. The SHIPs have provided free, local, in-depth, insurance counseling and assistance to Medicare beneficiaries, their families, and caregivers since 1992. SHIPs also provide assistance with fraud and abuse issues, billing problems, appeal rights, and enrollment in low-income protection programs.

Current SHIP funding is $52.1 million. However, if SHIP funding had simply kept pace with inflation and the increasing number of Medicare beneficiaries since FY11, spending for FY17 would be $66.6 million. We urge that Congress make half of this needed investment by increasing funding from $52.1 million to $59.4 million.

SHIPs receive funding through 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, 57% of whom are highly trained volunteers who donate almost 2 million hours of assistance.

Approximately 10,000 Americans are becoming Medicare eligible each day – significantly increasing the need and demand for SHIP services. Counseling services are provided via telephone, and one-on-one in-person sessions, in addition to approximately 98,000 public education presentations last year. One-on-one assistance provided by SHIPs has grown from 1.2 million client contacts in 2005 to over 3.5 million contacts in 2014, almost a 300% increase. 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. Approximately 37% of these contacts are with vulnerable beneficiaries with incomes below 150% of the federal poverty level – $17,820 for an individual in 2015.

SHIPs advise, educate, and empower individuals to navigate the increasingly complex Medicare program and help beneficiaries make choices among a vast array of options to best meet their needs. Making informed decisions among an average of more than 20 prescription drug plans, 19 Medicare Advantage plans, as well as various Medigap supplemental insurance policies, can improve access to quality care. 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.

Choosing the right policy saves money for Medicare beneficiaries, and potentially reduces Medicare spending as well. For example, a 2012 study in *Health Affairs* entitled *The Vast Majority of Medicare Part D Beneficiaries Still Don’t Choose the Cheapest Plans That Meet their Medication Needs*, found 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.

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

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