



Highlights of [GAO-07-555](#), a report to the Committee on Finance, U.S. Senate

Why GAO Did This Study

Congress passed the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), which created a Part D outpatient prescription drug benefit that enables Medicare beneficiaries to enroll in competing private drug coverage plans. The benefit also offers a subsidy administered by the Social Security Administration (SSA) to assist certain low-income Medicare beneficiaries with out-of-pocket costs. GAO was asked to review (1) SSA's progress in identifying and soliciting applications from individuals potentially eligible for the subsidy; (2) SSA's processes for making eligibility determinations, resolving appeals, and redetermining beneficiaries' eligibility; and (3) how the subsidy has affected SSA's workload and operations. To conduct this study, GAO reviewed the law, assessed subsidy data, and interviewed SSA and other officials.

What GAO Recommends

GAO recommends that SSA develop specific performance goals and measures for its outreach activities, develop key management tools for its appeals and redetermination decisions, and also that SSA and the Internal Revenue Service (IRS) work together to assess the extent to which taxpayer data could help to better target individuals who might qualify for the subsidy. IRS generally agreed with our recommendation, and SSA generally agreed with all but one of our recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-07-555.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barbara Bovbjerg at (202) 512-7215 or bovjergbj@gao.gov.

MEDICARE PART D LOW-INCOME SUBSIDY

Additional Efforts Would Help Social Security Improve Outreach and Measure Program Effects

What GAO Found

SSA approved about 2.2 million Medicare beneficiaries for the low-income subsidy as of March 2007, despite barriers it faced in identifying the eligible population and soliciting applications; however, measuring the success of SSA's outreach efforts is difficult because there are no reliable data on the size of the eligible population. In 2005, SSA mailed 18.6 million subsidy applications to Medicare beneficiaries who were potentially eligible for the subsidy. SSA knew that this mailing was an overestimate, but took this approach to ensure that all who were eligible would be contacted. SSA had hoped to more specifically identify the eligible population using IRS tax data, but current law restricts the use of taxpayer data unless an individual has already applied for the subsidy. Further, SSA conducted a campaign of about 76,000 events held nationwide to educate people about the subsidy and how to apply for it. Since the initial campaign ended, however, SSA has not developed specific performance goals and measures to assess the progress of its continuing outreach efforts. SSA's efforts to solicit applications were hindered by beneficiaries' confusion about the difference between the subsidy and the Medicare Part D prescription drug plan, and the reluctance of some individuals to share personal financial information, among other factors. While the early subsidy participation rate compares favorably to those of some other low-income programs, the lack of reliable data on the size of the eligible population means that the extent to which SSA has signed up the eligible population for the benefit is unknown.

While SSA has established processes for making subsidy eligibility determinations, resolving appeals, and conducting redeterminations, it has not established some key management tools to monitor the progress of all of its efforts, as specified in GAO's internal control standards. For example, while SSA tracks various results from its appeals process, it does not currently have a performance goal to assess the timeliness of appeals decisions, but agency officials told us that SSA plans to establish a goal of processing 75 percent of appeals in 60 days. Also, while SSA tracks the status of its redetermination decisions, officials do not believe that it is necessary to measure the time for processing individual redetermination decisions because they said that the time to complete the overall redeterminations cycle provides adequate information.

SSA's implementation of the low-income subsidy did affect the agency's workload and operations, but according to SSA officials, the additional workload has been manageable overall as a result of increased funding that the agency received to carry out MMA activities. SSA hired 2,200 field office staff, and 500 headquarters staff to handle its new subsidy workload, as well as to carry out other activities for the program. In 2006, SSA staff spent the equivalent of 2,190 work years on low-income subsidy implementation activities, with about 50 percent of the time spent on subsidy applications. While there were periods of high subsidy application activity, SSA officials told us that subsidy program activities did not have an adverse impact on other SSA workloads. The officials attributed the minimal impact of Part D to several factors, including the highly automated subsidy application process and the \$500 million congressional appropriation that SSA spent on MMA start-up costs. SSA estimates that its costs for low-income subsidy activities are \$175 million annually.