

Denied Applicants for “Extra Help” with Medicare Part D Through the End of 2006

The Office of Policy has analyzed denied applicants for extra help through the end of 2006. This study is based on the full universe of denied applicants in the Social Security Administration’s Medicare Database.

For purposes of this analysis, a denied applicant is an individual for whom at least one application for the low-income subsidy (LIS) under Medicare Part D has been denied. If an individual has applied more than once, we consider only the most recent denial. Denials in this study exclude applications that have been approved on appeal and those for which appeals remain open. As of January 1, 2007, we find a total of 2,486,140 denied applicants¹.

Overall Reasons for Denials

Reasons for denials are shown in Table 1. Analysis is at the individual level. The “couple” category represents the number of individuals who applied with their spouses and were denied, and the total of 2,486,140 denied applicants includes both members of denied couples. The denial categories are mutually exclusive and sum to 100 percent in each row. Table 1 includes a category for denials based on both income and resources. In all other cases where multiple denial reasons were reported, the individual is assigned to the first applicable category. For example, an individual who was not eligible for Medicare and who also reported high resources would be classified as “Not a Medicare Beneficiary,” but an individual who listed resource and income amounts in excess of program limits would be classified as “Both Income and Resources.”

Table 1: Reason for Denial by Type of Applicant (in Percent)

Individual or Couple Application	Not a Medicare Beneficiary	Not a U.S. Resident	Failure to Cooperate	Resources but not Income		Income but not Resources	Both Income and Resources	All	Number of Persons
				Question 3 ¹	Itemized				
Individual	1.8	0.4	7.2	24.0	13.1	43.0	10.5	100.0	1,555,669
Couple	5.0	0.5	3.9	13.7	6.1	48.0	22.7	100.0	930,471
All Denied Applicants	3.0	0.4	6.0	20.1	10.5	44.9	15.1	100.0	2,486,140

¹When the response to Question 3 indicates excess resources, the applicant does not need to provide income information.

Source: Social Security Administration, Medicare Database, January 1, 2007

The most common reasons for denial were income and resources. Applicants did not need to provide resource amounts if they checked that resources exceeded program limits in Question 3 of the application. Therefore, resource denials are divided between individuals who noted excess resources in Question 3 and those who were required to provide itemized resource information. Income amounts were not always determined for applicants who indicated excess resources in Question 3. Therefore, the income denials shown in Table 1 are a lower bound for the true percentage of denied applicants with excess income. Nonetheless, income is observed to be a factor for 60 percent (44.9% plus 15.1%) of denied applicants, and it was the only factor for about 45 percent. Resources were a factor for over 45 percent (20.1% plus 10.5% plus 15.1%) of denied applicants, and they were the only factor for about 31 percent.

¹ A small number of additional cases on the Medicare Database may also be denials even though no reason for denial is given. Most of the ambiguous cases were processed on November 20, 2006. Our analysis, which is limited to unambiguous denials, covers more than 99 percent of all possible denied applicants through the end of 2006.

Table 2 includes the denial categories by month of application. Resources declined from being a factor in over 50 percent of the earliest denials to playing a role in only one third of denials for March 2006 applications. The table provides evidence that the role of resources has increased somewhat since March 2006. In an effort to ensure that beneficiaries receive the correct LIS determination, SSA holds applications that may potentially be affected by the new resource levels, which CMS provides in late December, and the new Federal Poverty Guidelines, which are available in late January. These held applications are missing from the distribution of denials for applications submitted since September 2006.

Month of Application	Not a	Not a	Failure to	Resources but		Income	Both	All	Number
	Medicare	U.S.		not	Income				
	Beneficiary	Resident	Cooperate	Question 3 ¹	Itemized	Resources	Resources		of Persons
June 2005 or Earlier	1.7	0.7	6.5	27.4	8.5	39.8	15.4	100.0	382,858
July 2005	2.4	0.4	5.6	26.1	9.4	41.1	15.1	100.0	504,056
August 2005	1.9	0.2	6.8	23.0	10.5	42.4	15.2	100.0	378,452
September 2005	2.2	0.3	5.7	19.4	12.0	42.8	17.6	100.0	176,545
October 2005	2.2	0.3	5.3	19.6	11.7	42.6	18.3	100.0	231,215
November 2005	2.6	0.4	5.6	17.5	12.2	44.2	17.5	100.0	183,677
December 2005	3.1	0.4	5.9	12.8	12.7	50.4	14.7	100.0	110,131
January 2006	4.1	0.7	7.2	10.2	12.0	54.0	11.8	100.0	68,603
February 2006	4.1	0.9	6.6	10.7	12.0	54.2	11.5	100.0	43,950
March 2006	4.2	0.6	6.7	10.4	10.8	55.2	12.1	100.0	53,414
April 2006	3.7	0.4	5.8	10.3	11.3	55.4	13.0	100.0	57,684
May 2006	3.2	0.5	7.7	9.6	12.0	54.0	13.0	100.0	69,487
June 2006	3.3	0.4	7.5	12.7	12.9	50.1	13.1	100.0	30,789
July 2006	3.6	0.2	7.2	13.5	11.8	51.1	12.4	100.0	32,229
August 2006	2.1	0.3	4.3	12.6	12.4	53.8	14.6	100.0	23,094
September 2006 or later ²	12.3	0.2	4.4	7.2	8.8	58.0	9.1	100.0	139,956
All Denied Applicants	3.0	0.4	6.0	20.1	10.5	44.9	15.1	100.0	2,486,140

¹When the response to Question 3 indicates excess resources, the applicant does not need to provide income information.

²These statistics exclude applications since September 2006 that are held by SSA to ensure correct LIS determinations with respect to new resource levels, (provided by CMS in late December) and/or the new Federal Poverty Guidelines (available in late January).

Source: Social Security Administration, Medicare Database, January 1, 2007

Resource Detail when "Resources" is Reason for Denial

Analysis of resource types is limited to the 429,322 individuals who did not check that their resources exceeded the cutoffs but who were nonetheless found to have excess resources. This group includes a portion of the applicants who were denied due to income as well as resources. The Office of Policy tabulated excess resources in two different ways: providing the distribution of resource types that cause denial, and indicating whether denied applicants had each resource type at all.

In Table 3 a resource type is defined to be a reason for denial if the amount of this resource is sufficient to disqualify the individual and if all other reported resource types combined would be insufficient to disqualify the individual. This tabulation shows that bank accounts and investments, which included stocks, bonds, and individual retirement account (IRA) balances, were both responsible for substantial proportions of resource denials. Almost one third of the applicants in Table 3 were denied based on a combination of resource types. Resource denials for couple applicants were more likely than those for individual applicants to be due to a combination of resource types.

Individual or Couple Application	Bank Accounts	Stocks, Bonds, and IRAs	Cash	Real Estate Other than Home	Life Insurance	Multiple Resource Types	All	Number of Persons
Individual	38.6	21.2	0.3	3.4	7.4	29.1	100.0	293,141
Couple	26.3	20.4	0.2	5.6	7.6	39.8	100.0	136,181
All Denied Applicants	34.7	21.0	0.3	4.1	7.5	32.5	100.0	429,322

¹This table excludes people who were denied because they checked that resources exceeded annual limits in Question 3.

Source: Social Security Administration, Medicare Database, January 1, 2007

For cases where resources are a reason for denial, Table 4 shows that over 96 percent of individuals reported bank accounts, and over half owned stocks or bonds.

Type of Resources	Single	Couple	All
Bank Accounts	96.0	96.7	96.2
Stocks, Bonds, and IRAs	47.6	57.6	50.8
Cash	10.6	12.3	11.2
Real Estate Other than Home	8.6	15.4	10.8
Life Insurance > \$1500 Face	34.9	52.2	40.4
Expects Burial Expenses	72.0	80.0	74.5
Number of Persons	293,141	136,181	429,322

¹This table excludes people who were denied because they checked that resources exceeded annual limits in Question 3.

Source: Social Security Administration, Medicare Database, January 1, 2007

Resource limits are higher for applicants who indicate that they expect to use some of their listed resources for their funeral or burial expenses. As shown in Table 4, nearly three quarters of those denied due to excess resources anticipate burial expenses.

The distribution of amounts by which countable resources exceeded subsidy limits are presented in Table 5. This table also includes mean and median excess resources. The mean of about \$32,800 was calculated omitting about 700 outlier cases with reported resources over one million dollars. The median amount of excess resources was \$14,500.

Table 5: Amount by which Countable Resources Exceeded Subsidy Limits by Individual and Couple Applications When Itemized Resources were a Reason for Denial ¹						
Excess Resources	Single		Couple		All	
	Percent	Cumulative	Percent	Cumulative	Percent	Cumulative
\$100,000 or More	5.3	5.3	7.4	7.4	6.0	6.0
\$90,000 to <\$100,000	1.9	7.2	1.9	9.4	1.9	7.9
\$80,000 to <\$90,000	2.8	10.0	3.2	12.5	2.9	10.8
\$70,000 to <\$80,000	2.0	12.1	4.4	17.0	2.8	13.6
\$60,000 to <\$70,000	2.6	14.7	3.2	20.2	2.8	16.4
\$50,000 to <\$60,000	3.3	18.0	4.2	24.4	3.5	20.0
\$45,000 to <\$50,000	2.0	20.0	2.4	26.7	2.1	22.1
\$40,000 to <\$45,000	2.7	22.7	2.7	29.4	2.7	24.8
\$35,000 to <\$40,000	3.3	25.9	3.2	32.6	3.2	28.0
\$30,000 to <\$35,000	3.4	29.3	3.9	36.5	3.6	31.6
\$25,000 to <\$30,000	4.3	33.7	5.1	41.6	4.6	36.2
\$20,000 to <\$25,000	5.6	39.2	5.4	47.0	5.5	41.7
\$15,000 to <\$20,000	7.9	47.1	7.2	54.2	7.6	49.3
\$10,000 to <\$15,000	11.6	58.6	9.6	63.9	10.9	60.3
\$7500 to <\$10,000	6.4	65.1	5.7	69.6	6.2	66.5
\$5000 to <\$7500	7.0	72.1	8.6	78.2	7.6	74.0
\$3000 to <\$5000	8.3	80.4	7.3	85.5	8.0	82.0
\$1500 to <\$3000	7.8	88.3	6.9	92.4	7.5	89.6
\$1000 to <\$1500	3.4	91.7	2.8	95.3	3.2	92.8
\$500 to <\$1000	4.3	96.0	2.1	97.4	3.6	96.4
< \$500	4.0	100.0	2.6	100.0	3.6	100.0
Median Excess Resources	\$13,500		\$17,500		\$14,500	
Mean Excess Resources ²	\$30,893		\$36,980		\$32,824	
Number of Persons	293,141		136,181		429,322	

¹This table excludes people who were denied because they checked that resources exceeded annual limits in Question 3.

²Mean is calculated excluding about 700 outliers over \$1,000,000.

Source: Social Security Administration, Medicare Database, January 1, 2007

Income Detail when "Income" is Reason for Denial

Income is a denial reason for 1,490,968 applicants. An income type is defined to be a reason for denial if the amount of this income is sufficient to disqualify the individual and if all other reported income types combined would be insufficient to disqualify the individual. Table 6 shows the distribution of income types that are reasons for denial. Social Security was the most common single income source that was a reason for denial (30 percent). Over half of the applicants in Table 6 were denied based on a combination of income types.

Individual or Couple Application	Social Security Benefits	Railroad Retirement Benefits	Other Pensions or Annuities	Wages or Self-Employment	Veterans Benefits	Other Income	Multiple Income Types	All	Number of Persons
Individual	21.4	0.8	5.8	5.6	1.1	3.0	62.3	100.0	833,097
Couple	41.1	0.9	3.4	1.1	0.4	1.3	51.8	100.0	657,871
All Denied Applicants	30.1	0.8	4.8	3.6	0.8	2.3	57.6	100.0	1,490,968

Source: Social Security Administration, Medicare Database, January 1, 2007

In-kind support is not listed in Table 6 because it is never sufficient to cause a denial by itself. However, some people who were denied due to a combination of income types would be allowed in the absence of in-kind support. Income denials would have been about 2.2 percent (32,310 individuals) lower if in-kind support were not counted as income.

As seen in Table 7, over 98 percent of applicants with excess income received Social Security benefits, and 43 percent received pensions other than veterans or Social Security benefits.

Type of Income	Single	Couple	All
Social Security	98.0	99.0	98.4
Railroad Retirement Benefits	2.6	2.0	2.3
Other Pensions or Annuities	44.9	40.1	42.8
Wages or Self-Employment	23.8	18.6	21.6
Veterans Benefits	4.8	3.9	4.4
Other Income	20.1	13.0	17.0
In-Kind Support	8.8	3.3	6.4
Number of Persons	833,097	657,871	1,490,968

Source: Social Security Administration, Medicare Database, January 1, 2007

Table 8 provides the amounts by which annual income exceeded subsidy limits for applicants denied due to income. The median amount of excess income was nearly \$6,000, and over 90 percent of denied applicants were \$1000 or more above the income cutoff. Mean excess income was calculated to be nearly \$15,000 after the deletion of about 1,200 outlier cases with over one million dollars of income.

Table 8: Amount by which Countable Income Exceeded Subsidy Limits by Individual and Couple Applications When Income Was a Reason for Denial						
Excess Annual Income	Single		Couple		All	
	Percent Cumulative		Percent Cumulative		Percent Cumulative	
\$75,000 or More	3.4	3.4	3.1	3.1	3.3	3.3
\$50,000 to <\$75,000	1.2	4.6	1.1	4.2	1.1	4.4
\$40,000 to <\$50,000	0.9	5.5	0.9	5.1	0.9	5.3
\$30,000 to <\$40,000	1.9	7.4	1.9	7.0	1.9	7.2
\$25,000 to <\$30,000	1.9	9.3	1.8	8.8	1.8	9.0
\$20,000 to <\$25,000	3.2	12.5	3.0	11.7	3.1	12.2
\$15,000 to <\$20,000	5.9	18.4	5.3	17.0	5.6	17.8
\$10,000 to <\$15,000	12.8	31.2	10.9	27.9	12.0	29.8
\$7500 to <\$10,000	10.9	42.1	10.2	38.2	10.6	40.4
\$5000 to <\$7500	14.7	56.8	15.5	53.6	15.0	55.4
\$3000 to <\$5000	11.7	68.5	17.1	70.7	14.1	69.5
\$1500 to <\$3000	14.4	82.9	15.6	86.3	14.9	84.4
\$1000 to <\$1500	6.3	89.2	5.6	91.9	6.0	90.4
\$500 to <\$1000	7.2	96.4	5.5	97.4	6.4	96.8
< \$500	3.6	100.0	2.6	100.0	3.2	100.0
Median Excess Income	\$6,115		\$5,504		\$5,840	
Mean Excess Income ¹	\$15,012		\$14,740		\$14,892	
Number of Persons	833,097		657,871		1,490,968	

¹Mean is calculated excluding about 1,200 outliers over \$1,000,000.

Source: Social Security Administration, Medicare Database, January 1, 2007

Denials by State

Table 9 includes the distribution of denial reasons for each state. Address data are only available for Social Security beneficiaries, but these beneficiaries comprise almost all (98 percent) of the denied applicant population. The number of denied applicants through the end of 2006 ranged from about 2,600 in Alaska to over 160,000 in Illinois.

At least 10 states have required some beneficiaries to file for extra help: Connecticut, Delaware, Illinois, Indiana, Maine, Massachusetts, Montana, Nevada, Rhode Island, and Vermont. Information on these states appears in bold in Table 9. For these states the distributions of reasons for denials are not dramatically different from those of other states.

Table 9: Reason for Denial by State (in Percent)

State	Not a Medicare Beneficiary	Not a U.S. Resident	Failure to Cooperate	Resources but not Income		Income but not Resources	Both Income and Resources	All	Number of Persons
				Question 3 ¹	Itemized				
Alabama	1.7	0.0	7.2	12.6	8.9	57.9	11.7	100.0	46,056
Alaska	1.8	0.0	8.3	29.5	9.1	40.8	10.5	100.0	2,621
Arizona	0.9	0.0	5.8	19.7	7.6	50.3	15.8	100.0	36,712
Arkansas	1.5	0.0	5.6	15.7	11.0	54.1	12.1	100.0	31,257
California	1.1	0.0	7.3	21.9	9.8	45.1	14.8	100.0	155,200
Colorado	1.1	0.0	5.6	24.6	9.7	44.6	14.5	100.0	28,275
Connecticut²	0.6	0.0	4.1	24.8	10.8	39.4	20.3	100.0	33,693
Delaware²	0.8	0.0	3.9	18.4	10.3	46.1	20.5	100.0	9,157
District of Columbia	1.0	0.0	11.6	14.6	9.5	53.6	9.6	100.0	2,819
Florida	1.0	0.0	8.2	18.9	10.8	45.6	15.6	100.0	144,122
Georgia	1.2	0.0	6.9	15.4	10.6	52.2	13.7	100.0	67,227
Hawaii	1.0	0.0	8.2	29.0	14.8	28.6	18.4	100.0	12,607
Idaho	0.9	0.0	4.2	22.8	10.3	45.8	16.0	100.0	13,863
Illinois²	0.7	0.0	4.0	29.7	9.6	34.6	21.3	100.0	161,318
Indiana²	0.9	0.0	5.0	18.4	12.0	47.5	16.2	100.0	61,694
Iowa	0.6	0.0	3.1	31.1	14.0	31.4	19.7	100.0	38,226
Kansas	0.7	0.0	4.3	24.7	11.9	40.4	18.0	100.0	29,282
Kentucky	1.2	0.0	5.3	17.9	11.3	50.7	13.5	100.0	50,209
Louisiana	1.7	0.0	9.4	13.1	10.6	55.1	10.0	100.0	34,357
Maine²	0.8	0.0	3.5	20.4	12.1	48.8	14.5	100.0	14,730
Maryland	0.9	0.0	5.9	17.6	10.4	48.5	16.7	100.0	38,091
Massachusetts²	0.5	0.0	4.4	22.1	12.1	43.0	17.9	100.0	61,648
Michigan	0.9	0.0	5.0	20.1	11.2	47.5	15.3	100.0	78,311
Minnesota	0.5	0.0	3.8	26.4	13.9	37.9	17.5	100.0	37,961
Mississippi	1.4	0.0	6.8	12.5	9.9	56.3	13.1	100.0	29,031
Missouri	1.1	0.0	4.4	23.1	10.5	46.2	14.7	100.0	57,631
Montana²	0.8	0.0	4.3	25.9	12.1	41.5	15.4	100.0	10,345
Nebraska	0.6	0.0	3.3	29.7	15.2	32.2	19.0	100.0	21,032
Nevada²	1.1	0.0	7.1	18.1	6.8	54.3	12.6	100.0	13,819
New Hampshire	0.7	0.0	4.8	17.8	12.6	48.5	15.6	100.0	10,511
New Jersey	0.8	0.0	7.6	21.2	11.9	41.4	17.2	100.0	64,027
New Mexico	1.2	0.0	8.9	18.5	9.3	50.1	12.0	100.0	16,005
New York	0.9	0.0	8.9	18.8	12.4	44.2	14.8	100.0	133,702
North Carolina	1.1	0.0	5.5	14.6	11.3	53.7	14.8	100.0	95,037
North Dakota	0.6	0.0	4.1	28.9	18.6	30.3	17.5	100.0	8,532
Ohio	1.0	0.0	5.6	21.2	10.2	48.3	13.6	100.0	90,884
Oklahoma	1.2	0.0	5.3	17.3	9.8	53.0	13.3	100.0	33,861
Oregon	0.8	0.0	4.7	22.1	9.4	47.7	15.4	100.0	29,911
Pennsylvania	0.7	0.0	5.6	25.8	10.2	41.2	16.6	100.0	120,481
Rhode Island²	0.4	0.0	4.3	18.0	13.6	46.4	17.3	100.0	12,062
South Carolina	1.4	0.0	7.5	13.3	11.1	53.0	13.8	100.0	45,150
South Dakota	0.6	0.0	4.7	28.6	18.6	31.6	15.9	100.0	9,930
Tennessee	1.4	0.0	4.5	17.0	10.7	52.3	14.1	100.0	57,202
Texas	1.8	0.0	9.6	15.2	9.7	52.1	11.6	100.0	147,926
Utah	0.8	0.0	4.2	18.8	9.6	49.7	16.9	100.0	12,411
Vermont²	0.7	0.0	3.6	28.4	14.9	36.9	15.5	100.0	7,146
Virginia	1.2	0.0	5.7	18.6	10.5	50.0	14.0	100.0	61,561
Washington	0.8	0.0	4.4	21.9	9.0	48.1	15.8	100.0	40,010
West Virginia	1.5	0.0	5.1	15.8	10.2	55.5	11.9	100.0	24,043
Wisconsin	0.6	0.0	3.7	29.8	9.8	34.4	21.7	100.0	41,849
Wyoming	0.7	0.0	5.2	24.3	10.8	42.7	16.4	100.0	4,932
No Valid Data	50.9	10.5	4.0	9.0	3.7	16.9	4.9	100.0	97,673
All Denied Applicants	3.0	0.4	6.0	20.1	10.5	44.9	15.1	100.0	2,486,140

¹When the response to Question 3 indicates excess resources, the applicant does not need to provide income information.

²States in bold have required some beneficiaries to file for extra help.

Source: Social Security Administration, Medicare Database, January 1, 2007

Please contact Jim Sears at (202) 358-6104 with any questions or requests for additional analyses.

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