

Updated February 4, 2019

State Health Insurance Assistance Program (SHIP)

Background

The State Health Insurance Assistance Program (SHIP) provides funding to states for outreach, counseling, and information assistance to Medicare beneficiaries and their families and caregivers on Medicare and other health insurance issues. The national program is authorized under Section 4360 of the Omnibus Budget Reconciliation Act of 1990 (OBRA '90; P.L. 101-508; 42 U.S.C. 1395b-4).

The Consolidated Appropriations Act of 2014 (P.L. 113-76) transferred SHIP administration from the Centers for Medicare and Medicaid Services (CMS) to the Administration for Community Living (ACL). This transfer reflected the existing formal and informal collaborations between the state SHIP projects and the networks that ACL serves. An interim final rule, effective February 4, 2016, reflected the transfer from CMS to ACL (81 *Federal Register* 5917, February 4, 2016). The interim final rule was adopted without change on June 3, 2016 (81 *Federal Register* 35643, June 3, 2016).

There are SHIP projects in all 50 states, as well as the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. Of the 54 SHIP grant programs, about two-thirds are administered by State Units on Aging established under the Older Americans Act. The remaining one-third are located in their state insurance commissioner offices.

Grant Activities

SHIP grants provide funding for states to plan and operate various information, counseling, and assistance activities. Medicare beneficiaries receive assistance through one-on-one counseling in person, by telephone, on the Internet, or through email from paid and volunteer SHIP counselors. State SHIP projects also conduct public outreach and education activities to inform beneficiaries about coverage and enrollment options.

The SHIP grants support a community-based network of state and local programs that provide personalized assistance to Medicare beneficiaries and their families on questions related to Medicare, supplemental insurance policies (Medigap), Medicare Advantage plans, Medicare Savings Programs, Medicaid eligibility and coverage issues, long-term care insurance, and other health insurance issues.

Since the passage of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (P.L. 108-173), a major focus of SHIP-funded programs has been to help beneficiaries obtain Medicare prescription drug coverage, Medicare Part D, and enroll in the Medicare prescription drug low-income subsidy program and in Medicare Savings Programs.

According to ACL, in 2016 over 14,000 SHIP counselors, mostly volunteers, in over 1,300 community-based

organizations connected with individuals through more than 102,000 public and media events and 3.3 million one-on-one client contacts.

Funding

The majority of SHIP funding is provided through discretionary budget authority provided annually in the Departments of Labor, Health and Human Services, and Education, and Related Agencies (LHHS) Appropriations act. However, discretionary funding is also supplemented by mandatory funding for outreach and assistance to low-income Medicare beneficiaries (see **Table 1**).

Table 1. State Health Insurance Assistance Program (SHIP) Funding, by Type (FY2009 to FY2019)

Year	Discretionary Funding	Mandatory Funding
FY2009	\$47,400,000	\$7,500,000
FY2010	\$46,960,000	\$15,000,000
FY2011	\$52,000,000	^a
FY2012	\$52,115,000	^a
FY2013	\$46,040,000	\$7,115,000 ^b
FY2014	\$52,115,000	\$7,500,000
FY2015	\$52,115,000	\$7,500,000
FY2016	\$52,115,000	\$13,000,000
FY2017	\$47,115,000	\$12,103,000 ^c
FY2018	\$49,115,000	\$13,000,000
FY2019	\$49,115,000	\$13,000,000

Source: HHS, ACL and CMS budget justifications (FY2009 through FY2017); H.Rept. 115-952, p. 588 (FY2018-FY2019); P.L. 115-245, P.L. 110-275, as amended (see 42 U.S.C. 1395b-3 note); and personal communication with ACL.

Notes: Amounts are not adjusted for inflation.

- The Patient Protection and Affordable Care Act (P.L. 111-148, as amended) appropriated \$15 million for FY2010-FY2012.
- \$7.5 million appropriated; amount reflects 5.1% reduction due to mandatory spending sequester.
- \$13 million appropriated; amount reflects 6.9% reduction due to mandatory spending sequester.

Discretionary Funding

OBRA '90 (P.L. 101-508) authorized the appropriation of \$10 million in equal parts from the Medicare trust funds (i.e., the Federal Hospital Insurance Trust Fund and the Federal Supplementary Medical Insurance Trust Fund) for each of FY1991 to FY1993. Congress and the President subsequently extended SHIP authorizations of appropriations to FY1996 under P.L. 103-432. While the authorization of appropriations expired in FY1996,

discretionary funding has continued to be provided through the annual appropriations process. Discretionary budget authority for SHIPs is provided to ACL in the LHHS appropriations bill and funds discretionary grants to states as well as ACL program support.

The Department of Defense and Labor, Health and Human Services, and Education Appropriations Act, 2019 (P.L. 115-245), provided \$49 million in discretionary appropriations for SHIPs under ACL's Aging and Disability Services Programs budget authority for FY2019. This was the same as the FY2018 funding level. The FY2019 President's budget request would have eliminated discretionary funding for SHIPs. While ACL acknowledged that this would reduce one-on-one counseling through the program, the agency stated that "Medicare beneficiaries will continue to have access to online tools such as Plan Finder and to phone assistance such as CMS's 1-800-MEDICARE helpline." In addition, some states also provide funding for SHIP programs.

Mandatory Funding

SHIPs also receive mandatory funding for outreach and assistance to low-income Medicare beneficiaries, which was first provided for FY2008 under the Medicare, Medicaid, and SCHIP Extension Act of 2007 (P.L. 110-173). Beginning in FY2009, mandatory funding was provided under the Medicare Improvements for Patients and Providers Act (MIPPA, P.L. 110-275; 42 U.S.C. 1395b-3 note). This mandatory funding has been extended multiple times, most recently in the Bipartisan Budget Act of 2018 (P.L. 115-123) through FY2019. In addition to SHIPs, mandatory funding for Medicare outreach and assistance to low-income beneficiaries under MIPPA is provided to Area Agencies on Aging, Aging Disability Resource Centers and for benefits outreach and coordination to older Americans. This provision requires the HHS Secretary to transfer specified amounts to SHIPs from the Medicare trust funds. At present, mandatory SHIP funding for MIPPA activities is appropriated to CMS and transferred to ACL.

Discretionary Grants to States

SHIP discretionary grants are provided to states (including certain U.S. territories) based on formulas specified in regulation and guidance. The total discretionary grant amount to states is based on two types of funding allocations: (1) Regulatory Formula, and (2) ACL Discretionary Formula. Funds are awarded for a three-year period. Subject to available funding, no state's total funding is to increase or decrease by more than 5% from one budget year to the next. The most recent grant announcement is for the period that begins April 1, 2017, and ends March 31, 2020. Although American Samoa is eligible for the program (as described below), according to ACL it has not applied for the grant.

Regulatory Formula

The Regulatory Formula allocation includes a *fixed amount* and a *variable amount* that applies to the first \$10 million of available funding.

Fixed amount (first \$10 million): Each state, the District of Columbia, and Puerto Rico receives a fixed amount of \$75,000. Eligible U.S. territories (American Samoa, Guam, and the U.S. Virgin Islands) each receive \$25,000.

Variable amount (remainder of first \$10 million, if any):

Each entity receives an amount based on a formula that considers the percentage of all Medicare beneficiaries nationwide who reside in the state (75%), the percentage of the state's Medicare beneficiaries who reside in rural areas (15%), and the percentage of the state's Medicare beneficiaries to the state's total population (10%).

ACL Discretionary Formula

The Discretionary Formula allocation applies to any available funding above the first \$10 million. It includes a *base funding* amount and a formula for the *remaining funding*.

Base funding: Each state, the District of Columbia, and Puerto Rico receives a fixed amount of \$75,000. Eligible U.S. territories (American Samoa, Guam, and the U.S. Virgin Islands) each receive \$25,000.

Remaining funding: Each entity receives an amount based on a formula that considers the (1) percentage of all Medicare beneficiaries nationwide who reside in the state (80% of remaining funds), (2) the number of beneficiaries in the state below 150% of the Federal Poverty Level (10% of remaining funds), and (3) the percentage of the state's Medicare beneficiaries who reside in rural areas (10% of remaining funds).

Mandatory Grants to States

SHIP grant amounts under MIPPA are provided to states based on a statutory funding formula. The total mandatory funding amount to each state is the sum of two separate allocations based on the following:

Allocation based on percentage of low-income

beneficiaries: Two-thirds of the state's total allocation is based on the number of individuals who meet the requirements for the low-income subsidy under the Medicare Part D prescription drug program but who have not enrolled to receive a subsidy, relative to the total number of individuals who meet the requirements under the subsidy program in the state, as estimated by the HHS Secretary.

Allocation based on percentage of rural beneficiaries:

One-third of the state's allocation is based on the number of Medicare Part D eligible individuals residing in a rural area relative to the total number of such individuals in the state, as estimated by the HHS Secretary.

Additional Resources

The SHIP National Technical Assistance Center (www.shiptacenter.org) is a central source for program information. The center provides training, technical assistance, and other activities to support state projects and includes a directory of SHIP contacts in each state.

Kirsten J. Colello, Specialist in Health and Aging Policy

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.