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State Health Insurance Assistance Program (SHIP)

Background

The State Health Insurance Assistance Program (SHIP) provides grant funding to states for outreach, counseling, and information assistance to Medicare beneficiaries and their families on Medicare and other health insurance issues. The 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 Administration for Community Living (ACL) within the Department of Health and Human Services (HHS) oversees SHIP grants.

There are SHIPs in all 50 states, the District of Columbia (DC) and three U.S. territories—Guam (GU), Puerto Rico (PR), and the U.S. Virgin Islands (USVI). Of the 54 SHIPs, 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. SHIP services are often delivered in partnership with local Area Agencies on Aging and other community-based organizations.

Grant Activities

SHIP grants provide funding for states to plan and operate various information, counseling, and consumer assistance activities. Grant funding supports state and local networks that include more than 2,200 community-based organizations providing personalized assistance to Medicare beneficiaries and their families on questions related to Medicare, supplemental insurance policies (Medigap), Medicare Advantage plans, Medicare Savings Programs, Medicare Part D prescription drug coverage, and the Low-Income Subsidy Program. SHIPs also assist with Medicaid eligibility and coverage issues, long-term care insurance, and other health insurance issues.

Medicare beneficiaries receive assistance in person, by telephone, on the internet, or through email from trained SHIP counselors. SHIP counselors are often employed by state or local agencies; they provide one-on-one counseling, plan comparisons, and education. Trained volunteers may also provide one-on-one counseling, group presentations, or office support. Of the 10,043 SHIP staff and volunteers from July 2025 to December 2025, 20% were federally funded, 32% were funded by state and local funding or were paid staff from partner organizations offering in-kind services, and 48% were unpaid volunteers.

SHIPs conduct public outreach and education activities to inform beneficiaries about coverage and enrollment options. SHIPs help beneficiaries obtain Medicare prescription drug coverage under Medicare Part D and assist those beneficiaries eligible to enroll in the Medicare prescription drug Low-Income Subsidy Program. SHIPs also help beneficiaries eligible to enroll in Medicare Savings Programs, where state Medicaid programs can help pay for Medicare Part A premiums (if not premium-free) and Part B premiums, deductibles, co-insurance, and copayments (for services and items that Medicare covers). In grant year 2022 (April 1, 2022, to March 31, 2023) nearly 4.3 million Medicare beneficiaries used SHIP services, including 1.65 million individuals through one-on-one counseling and outreach to over 2.6 million people at education events.

Funding

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

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. Subsequently, SHIP authorizations of appropriations were extended to FY1996 under P.L. 103-432. Discretionary funding for SHIPs continues to be transferred from the Medicare trust funds as directed in the annual appropriations process.

For FY2026, Division B of the Consolidated Appropriations Act, 2026 (CAA 2026; P.L. 119-75), provided just over $55 million in discretionary appropriations for SHIPs under ACL's Aging and Disability Services Programs budget authority for FY2026, the same funding level as in the prior three fiscal years. Funding provides discretionary grants to states as well as ACL program support. In addition, some states supplement federal funding for SHIP programs with state funding.

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). Funding has been extended multiple times, currently to December 31, 2027 (CAA 2026, Division J).

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 and 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.

Table 1. State Health Insurance Assistance Program (SHIP) Funding, by Type (FY2009 to FY2026)

Year	Discretionary Funding	Mandatory Funding
FY2009	$47,400,000	$7,500,000
FY2010	$46,960,000	$15,000,000
FY2011	$52,000,000	see [a]
FY2012	$52,115,000	see [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
FY2020	$52,115,000	$13,000,000
FY2021	$52,115,000	$15,000,000
FY2022	$53,115,000	$15,000,000
FY2023	$55,242,000	$15,000,000
FY2024	$55,242,000	$30,000,000[d]
FY2025	$55,242,000	see [d]
FY2026	$55,242,000	$35,013,699[e]

Source: HHS, ACL, and CMS budget justifications (FY2009 through FY2025); FY2026 ACL Operating Plan; P.L. 110-275, as amended (see 42 U.S.C. 1395b-3 note); and CRS communication with ACL.

Notes: Amounts are not adjusted for inflation.

a. The Patient Protection and Affordable Care Act (P.L. 111-148, as amended) appropriated $15 million for FY2010 to FY2012.

b. $7.5 million appropriated; amount reflects 5.1% reduction due to mandatory spending sequester.

c. $13 million appropriated; amount reflects 6.9% reduction due to mandatory spending sequester.

d. $30 million appropriated for FY2024 and FY2025.

e. $35,013,699 appropriated for FY2026 to December 31, 2027.

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 five-year project period. The most recent grant period began April 1, 2025, and is to end March 31, 2030. 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.

Regulatory Formula

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

Fixed amount (first $10 million). Each state, DC, and PR receives a fixed amount of $75,000. GU and USVI 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 following three factors:

- *Medicare Population* (75%): the percentage of Medicare beneficiaries nationwide who reside in the state.
- *Rural Factor* (15%): the percentage of the state's Medicare beneficiaries who reside in rural areas.
- *Density Factor* (10%): the percentage of the state's Medicare beneficiaries relative to the state's total population.

ACL Discretionary Formula

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

Base funding. Each state, DC, and PR receives a fixed amount of $75,000. GU and USVI each receive $25,000.

Remaining funding. Each entity receives an amount based on a formula that considers the following three factors:

- *Medicare Population* (80%): percentage of Medicare beneficiaries nationwide who reside in the state.
- *Low-Income Population* (10%): the number of Medicare beneficiaries in the state below 150% of the Federal Poverty Level.
- *Rural Factor* (10%): the percentage of the state's Medicare beneficiaries who reside in rural areas.

Mandatory Grants to States

SHIP grant amounts under MIPPA are provided to states based on a statutory funding formula (42 U.S.C. 1395b-3 note). 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, 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 ACL-funded SHIP National Technical Assistance Center (www.shiphelp.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.

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