

MEDPAC

Advising the Congress on Medicare issues

Medicare eligibility notification and the State Health Insurance Assistance Program (SHIP) operations and funding

Jennifer Druckman

November 6, 2026

The Commission's ongoing work examining the enrollment decisions that beneficiaries make

- Once an individual becomes eligible for Medicare and during certain times of the year or after specified situations occur, they must make several complex enrollment decisions
- It can be difficult for people to understand the requirements and relevant time frames that apply to them, so access to clear and accurate information is especially important
- Some choices may lead to lifelong implications, such as late-enrollment penalties or an inability to obtain a Medigap policy without medical underwriting

Note: Medigap (Medicare supplement insurance).

Ongoing work (continued)

- People are working longer and delaying Social Security, so they are not auto-enrolled in Medicare or notified via mail of the need to enroll
- SHIP is a source of free and objective counseling to help people navigate the complexity, but funding has not kept pace with inflation and growth in Medicare enrollment, leading to capacity challenges
- This work led to a chapter in our June 2026 report
- Commissioners expressed interest in doing further work on these issues during this meeting cycle
- In October, we reported on the frequency and amounts of late-enrollment penalties and discussed potential policy directions

Note: SHIP (State Health Insurance Assistance Program).

Notification of Medicare eligibility

Many individuals are not notified by postal mail about Medicare eligibility

	Prior postal mail notification	Automatic enrollment at age 65
Receiving Social Security benefits at least 4 months before age 65	Yes	Yes
Receiving or having applied for Social Security benefits during the 3-month period before age 65	No	Yes
Other people at age 65	No	No

Note: Social Security refers to Old-Age, Survivors, and Disability Insurance. For simplicity, this presentation refers to Social Security benefits and not other relevant programs, such as those administered by the Railroad Retirement Board.
Source: Social Security Administration, Program Operations Manual System, HI 00805.125.

Full retirement age no longer aligns with Medicare eligibility age, leading to a notification gap

- Medicare eligibility age is 65
- For those born in 1960 or later, full retirement age for Social Security is 67 years, although individuals can retire early and collect reduced benefits
- People who are not collecting Social Security prior to age 65 may not receive notification of Medicare eligibility or be auto-enrolled
- Using 2023 survey data, we estimate up to 62% of people aged 64 (2.6 million) were not receiving Social Security benefits and would not have been notified through the mail or auto enrolled
- Some of these people may be subject to late-enrollment penalties, as 1.4% of Part B enrollees and 5.3% of Part D enrollees are paying penalties

Note: For simplicity, this presentation refers to Medicare eligibility based on age, but individuals may also be eligible for Medicare for other reasons, such as having a disability or ESRD.

Source: Social Security Administration, Program Operations Manual System, HI 00805.125. U.S. Census Bureau American Community Survey Public Use Microdata. MedPAC staff analysis of late-enrollment penalty data.

SSA and CMS collaborated on an email outreach campaign to help close the notification gap

- An email is sent to everyone aged 64 years, 9 months who has registered an email address with the SSA, reminding them to enroll in Medicare and warning about a possible Part B late-enrollment penalty
- This initial email doesn't reference the possibility of a Part D late-enrollment penalty, but the next email, sent 56 days later, contains more information about all the parts of Medicare, including Part D
- In both July and August this year, about 49,000 individuals received this email
- SSA reports that the campaign exceeds email marketing benchmarks and industry statistics

Note: SSA (Social Security Administration).
Source: Social Security Administration administrative data.

A sizeable notification gap remains

- Multi-modal notifications through postal mail and email are likely to reach more individuals, due to a variety of factors
  - Some people age 65 or older may pay more attention to official notifications sent through the mail than those sent via email
  - Email may not be opened or clicked on for many reasons, such as a lack of understanding of the subject line or email text, failure to appreciate the email's urgency, or suspicion that the email is not an official government communication
- We estimate up to 2.6 million individuals are not notified through the postal mail and up to 2 million individuals are not notified through the postal mail or SSA email

Note: SSA (Social Security Administration).

Commissioners could consider changes to the notification process

- Could consider closing the notification gap by requiring SSA or CMS to notify individuals by mail
  - Individuals who are aged 64 years, 9 months and are not receiving Social Security and thus will not be automatically enrolled
  - Estimated to be up to 2.6 million people
- Could consider whether additional funding should be appropriated for the mailing by SSA and CMS
  - Estimated at $1.10 per mailing
  - Administrative funding for SSA and CMS staff time to prepare and mail the letters

Note: SSA (Social Security Administration).

SHIP operations and funding

SHIP is a key federal source of Medicare counseling for beneficiaries

- It can be difficult for people to understand Medicare enrollment requirements and relevant time frames that apply to them, and some choices have lifelong implications (e.g., late-enrollment penalties)
- SHIP provides grants to deliver free Medicare enrollment counseling and information assistance to 54 grantees
  - Assists beneficiaries through individual counseling and community outreach
  - Just over 10,000 counselors provided individual counseling to nearly 1.2 million beneficiaries in the second half of 2025
- SHIP counselors do not receive compensation from insurers
- Counselors complete training and certification before counseling; a new national certification program is under development

Note: SHIP (State Health Insurance Assistance Program).
Source: Congressional Research Service. 2023. *State Health Insurance Assistance Program (SHIP).* Administration for Community Living, SHIP administrative data.

In our 2026 beneficiary focus groups, awareness of SHIP varied

- Most beneficiaries in the Seattle focus group had used the SHIP or had general awareness of it
- Less familiarity among beneficiaries in our other focus groups
- A few beneficiaries thought SHIP was only for people with Medicaid

- *"Before I was ready for Medicare, I was helping my sister who had dementia and at that point I met with [local SHIP] and got all the information for her. So, when it became my turn, I just went with the same people."*
- *"It made the Medicare & You handbook obsolete because they went over everything we needed to know."*

Note: Due to the nature of focus-group research, our sample size was limited, and findings cannot be generalized.

Source: Findings from MedPAC focus groups, 2026.

SHIP interview findings

- Conducted interviews with ACL staff that direct SHIP grantees, staff at the SHIP TA Center, and counselors/staff from 7 grantees
- Grantees said their local knowledge of provider and pharmacy networks helps them assist beneficiaries with a wide range of Medicare needs
- Grantees receive referrals directly from 1-800-Medicare, particularly on state-specific questions related to Medicaid eligibility
- Interviewees highlighted their ability to meet in person with beneficiaries, allowing for more in-depth conversations and help completing paperwork

Note: ACL (Administration for Community Living), SHIP (State Health Insurance Assistance Program), TA (Technical Assistance). Interviews were conducted between January and March 2026.
Source: MedPAC March 2026 Report to the Congress.

SHIP interview findings (continued)

- Interviewees consistently reported capacity challenges, with one interviewee describing their SHIP counselors as "overburdened"
- One interviewee described last year's AEP as a "perfect storm"
  - MA plan terminations and provider network exits in some regions
  - Increased referrals from insurance agents
  - Impact of expanded SHIP outreach and marketing efforts
- Grantees often have limits on how many counseling appointments they can take during the AEP
  - In the 2025 AEP, one SHIP grantee had to stop taking appointments as early as 3 weeks into the AEP

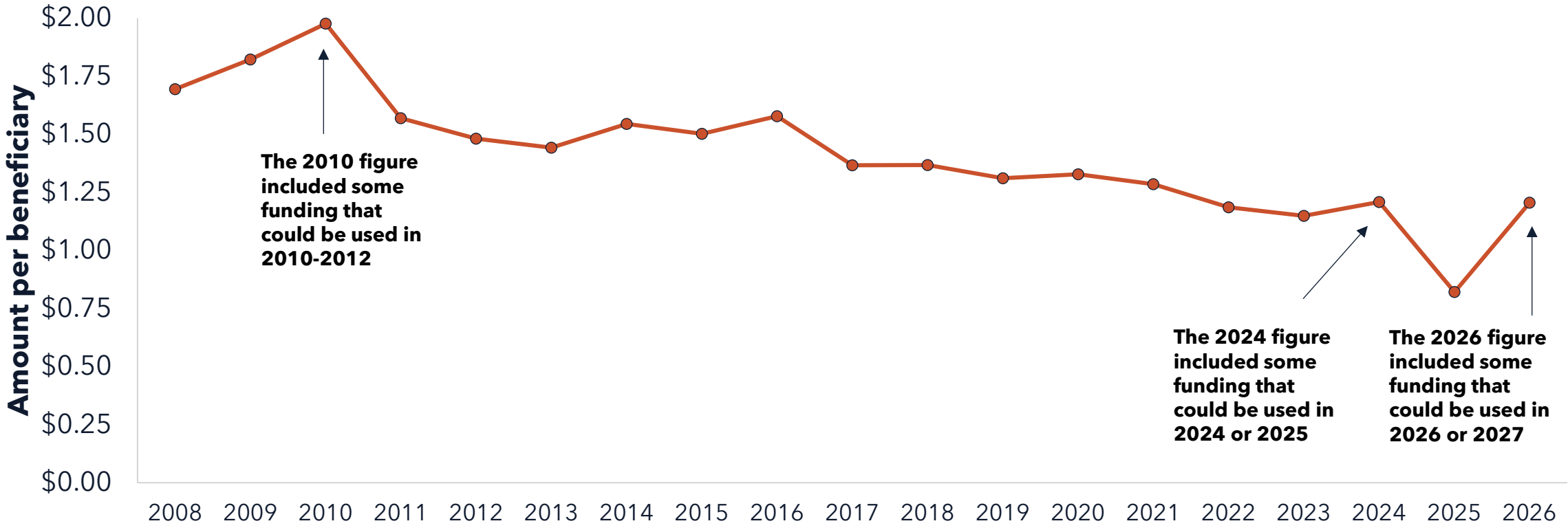
Note: SHIP (State Health Insurance Assistance Program), AEP (Annual Enrollment Period, October 15 to December 7), MA (Medicare Advantage).
Source: MedPAC March 2026 Report to the Congress.

SHIP receives federal funds from the Medicare trust funds

- Discretionary funding ($55.2 million in 2026)
  - For SHIP operations available to all Medicare beneficiaries, with additional funds to grantees serving beneficiaries in rural areas
  - Provided through annual appropriations
- Mandatory funding (about $15 million in 2026)
  - For individual counseling and outreach services focused on people with low incomes and living in rural areas
  - Periodically extended by Congress

Note: SHIP (State Health Insurance Assistance Program).

Adjusted for inflation, total SHIP funding per beneficiary has declined over time



Note: SHIP (State Health Insurance Assistance Program). This figure includes overall discretionary and mandatory funding streams appropriated or extended, including funding used for administration of the program and not available to grantees. Mandatory funding began in 2009. Some years include funding for multiple years (2010 funding was for 2010-2012, 2024 funding was for 2024 and 2025, and 2026 funding was for 2026 and 2027). Funding amounts have been adjusted for inflation to reflect 2026 dollars using historical values from the Congressional Budget Office Consumer Price Index for All Urban Consumers.

Source: MedPAC analysis of 2008 CMS newsroom press release; 2009 through 2025 Department of Health and Human Services/Administration for Community Living, and CMS budget justifications, the 2015, 2020, and 2025 Medicare Trustees' reports, and 2026 Congressional Budget Office Historical Data and Economic Projections.

Commissioners could consider MA plan fees as an additional SHIP funding source

- In 1997, Congress established user fees for MA plans for the purpose of Medicare enrollment and dissemination of information as well as SHIP operations (and later added PDPs)
- In 2005, CMS stopped using the fees to fund SHIP and instead used them to fund education about the new Part D benefit
- Congress then resumed annual Trust Fund appropriations for SHIP
- Now known as the NMEC user fees, these fees partly fund 1-800-Medicare, Medicare.gov, and outreach, among other activities
- In 2026, these fees were assessed at 0.021% of MA, MA-PD, and PDP expenditures, for a total of $120.3 million

Note: MA (Medicare Advantage), SHIP (State Health Insurance Assistance Program), PDP (prescription drug plan), NMEC (National Medicare Education Campaign), MA-PD (Medicare Advantage prescription drug plan).

Source: Centers for Medicare & Medicaid Services, Department of Health and Human Services. 2005. Medicare program; establishment of the Medicare Advantage program. Final rule. *Federal Register* 70, no. 18 (January 28): 4588–4741.

SHIP performance measurement

- SHIP grantees are scored on 5 performance score measures relative to their peers
- We reviewed 5-year performance on one measure to see if the Medicare population or funding per beneficiary were associated with SHIP performance

Performance measure 1: Client contacts—Percentage of total one-on-one client contacts (in person, by phone, by email, postal mail, or fax) per Medicare beneficiaries in the state

Note: SHIP (State Health Insurance Assistance Program).
Source: Administration for Community Living (ACL), Department of Health and Human Services. 2021. *State Health Insurance Assistance Program (SHIP) report to Congress*.

Higher average discretionary funding per beneficiary is associated with better performance

Grantee Medicare population quartile	Average beneficiary population, 2021	Average PM 1 score, 2017–2021	Average funding per beneficiary, 2021
Smallest (14 grantees)	177,900	3.23	$1.79
Second (13)	560,500	3.08	$1.05
Third (13)	1.12 million	2.95	$0.79
Largest (14)	2.78 million	2.74	$0.68

Note: PM (performance measure). These average PM 1 category scores were calculated by assigning the following 1 to 5 index of relative performance and averaging them over five years (2017-2021): "low" (1), "fair" (2), "average" (3), "good" (4), and "excellent" (5). Discretionary funding per beneficiary is the grantee's award divided by the number of Medicare beneficiaries in the state or territory, unweighted. Other factors may also affect performance.

Source: ACL SHIP Reports to Congress (grant years 2017-2021). Medicare beneficiary enrollment data (2021).

Commissioners could consider potential changes to SHIP funding

- SHIP, as a source of free and objective information from counselors not compensated by insurers, is an important resource for beneficiaries
- But SHIP funding has not kept pace with inflation or the growth in Medicare enrollment, leading to capacity constraints
- Additional SHIP funding could increase grantee capacity
- In 2008, MedPAC recommended increasing funding
- Illustrative examples of increasing SHIP funding could include:
  - Indexing funding to the growth in Medicare enrollment or Medicare spending, or another measure
  - Establishing a dedicated, stable funding source, such as with MA plan fees

Note: SHIP (State Health Insurance Assistance Program). MA (Medicare Advantage). SHIP funding options could be pursued individually or together.

Discussion

Potential policy directions to reduce enrollment complexity

- To close the notification gap, could consider requiring SSA or CMS to notify individuals by mail when they reach age 64 years and 9 months if they are not receiving Social Security benefits
  - Estimated to be up to 2.6 million people
  - Appropriate the necessary funding for the mailing to SSA and CMS (estimated at $2.86 million) and administrative funding
- To expand SHIP grantees' counseling capacity by increasing funding, could consider:
  - Indexing SHIP funding to growth in Medicare enrollment or spending, or another measure
  - Establishing a dedicated, stable SHIP funding source, such as with MA plan fees
  - Other options?

Note: SHIP (State Health Insurance Assistance Program). MA (Medicare Advantage). SHIP funding options could be pursued individually or together.

Discussion

- Questions about today's presentation?
- Interest in developing policy options?
- Additional information needed to evaluate specific policy options?



MEDPAC

Advising the Congress on Medicare issues

Medicare Payment Advisory Commission

www.medpac.gov

@medicarepayment