



## THE BASICS

# The State Health Insurance Assistance Program (SHIP)

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Through grants, the State Health Insurance Assistance Program (SHIP) helps states provide information, counseling, and assistance to Medicare beneficiaries and their families on Medicare and other health insurance issues. The SHIP program was created by section 4360 of the Omnibus Budget Reconciliation Act (OBRA) of 1990, and grants are administered by the Centers for Medicare & Medicaid Services (CMS). As new waves of beneficiaries become eligible for Medicare and changes occur in the Medicare program, demand for accurate and unbiased information and assistance to help beneficiaries make informed choices about their health care coverage is likely to increase.

### PROGRAM OVERVIEW

The purpose of the SHIP grants program is to strengthen the capability of states to support a community-based network of state and local programs that provides personalized assistance to Medicare beneficiaries and their families on questions related to Medicare, supplemental insurance policies (Medigap), Medicare Advantage (MA) plans, Medicare Savings Programs (MSPs), Medicaid issues, long-term care insurance, and other health insurance issues. Since the passage of the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003, a major focus of SHIP-funded programs has been to help beneficiaries obtain Medicare prescription drug coverage and enroll in the Medicare prescription drug low-income subsidy (LIS) program and in Medicare Savings Programs.<sup>1</sup>

CMS grants provide states and jurisdictions with funds to hire staff and recruit volunteers who are responsible for providing beneficiaries with accurate and objective health insurance information so

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they can make informed coverage decisions and understand their rights and protections. SHIP services are intended for beneficiaries who want and need information, counseling, and assistance beyond what they can access through other channels such as 1-800-MEDICARE and [www.medicare.gov](http://www.medicare.gov).<sup>2</sup> Beneficiaries receive SHIP assistance primarily through one-on-one counseling (in-person and by telephone). Paid and volunteer counselors help individuals obtain benefits and file Medicare claims, compare Medicare supplemental policies, prescription drug plans, and Medicare Advantage plans, resolve claims and billing problems, and contact appropriate federal or state departments or agencies that may be able to provide additional information or help resolve an issue. In addition, SHIP staff and volunteers (often working with community partners) conduct public outreach and education activities to inform beneficiaries about health care insurance coverage and enrollment issues.

SHIP staff recruit and train volunteers, including counselors who work in over 1,300 local sponsoring agencies nationwide such as area agencies on aging, social services agencies, senior housing programs, and hospitals. In fiscal year (FY) 2008, about 12,000 SHIP counselors served nearly 4.8 million beneficiaries (about 10 percent of the nearly 45 million Medicare beneficiaries) through one-on-one counseling and assistance, as well as through public education forums and programs. SHIP programs operate in all states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands. Of the 54 SHIP grant programs, about two-thirds are administered by state agencies on aging established by the Older Americans Act. Most of the remaining programs are administered by state insurance commissions.<sup>3</sup> The names of SHIPs vary among jurisdictions.<sup>4</sup> At the community level, many SHIPs create local partnerships with area agencies on aging that provide counseling and assistance to beneficiaries and their families.

**FUNDING**

SHIP funding comes from appropriations under the Department of Health and Human Services (DHHS). For FYs 2008 and 2009, SHIP appropriations were augmented by additional funds transferred from Medicare Trust Fund accounts. The Medicare, Medicaid, and

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SCHIP Extension Act (MMSEA) of 2007 authorized the transfer of \$15 million to the SHIP program for FY 2008, and the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008 authorized the transfer of \$7.5 million for FY 2009 (see Table 1). FY 2010 funding for the SHIP is \$45 million, averaging about \$9 for every person served. Because of the significant contributions of unpaid volunteers who assist beneficiaries, the program's effective resources are higher.

CMS makes noncompetitive continuing SHIP grants to all states. In 2010, from the first \$10 million in appropriations, each state will receive a fixed amount of \$75,000 (\$25,000 each for Guam and the Virgin Islands) for a basic program award, plus an additional amount based on a formula that considers the percentage of all Medicare beneficiaries nationwide who reside in the state, the percentage of the state's Medicare beneficiaries to the state's total population, and the percentage of the state's Medicare beneficiaries who reside in rural areas. States may receive an additional performance award from a total pool of \$1.5 million if they meet certain eligibility requirements established by CMS. States are not required to contribute a matching amount as a condition for receiving grant funds.

CMS has established a number of objectives for FY 2010 grant programs, including expectations that SHIPs will use grant funds to provide personalized counseling to an increased number and more diverse group of beneficiaries. SHIPs are charged with placing significant emphasis on providing outreach to low-income beneficiaries focusing on those who may be eligible for, but are not receiving, the LIS to help them pay for their prescription drugs. SHIPs are also to conduct targeted outreach though

**TABLE 1**  
**SHIP Timeline and Funding**

FISCAL YEAR	FUNDING (in Millions)	LEGISLATIVE ACTION
1990	—	SHIP program enacted by OBRA
2003	\$12.5	Medicare Prescription Drug Improvement and Modernization Act (MMA) enacted
2004	\$21.4	
2005	\$31.7	
2006	\$32.7	Medicare Part D inaugurated
2007	\$34.2	
2008	\$54.3	Includes \$15 million from Medicare Trust Funds enacted by the Medicare, Medicaid, and SCHIP Extension Act (MMSEA) of 2007
2009	\$52.5	Includes \$7.5 million from Medicare trust funds enacted by the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008
2010	\$45	
2011	—	First of the baby boomers turn age 65 and become eligible for Medicare

Sources: Centers for Medicare and Medicaid Services (CMS), Justification of Estimates for Appropriations Committees: Fiscal Year 2010, available at [www.cms.hhs.gov/PerformanceBudget/Downloads/CMSFY10CJ.pdf](http://www.cms.hhs.gov/PerformanceBudget/Downloads/CMSFY10CJ.pdf); and CMS, "Medicare Announces Solicitation of Fiscal Year FY 2010 State Health Insurance Assistance Program Grants," press release, December 16, 2009, available at [www.cms.hhs.gov/apps/media/press/release.asp?Counter=3560&intNumPerPage=10&checkDate=&checkKey=&srchType=1&numDays=3500&srchOpt=0&srchData=&keywordType=All&chkNewsType=1%2C+2%2C+3%2C+4%2C+5&intPage=&showAll=&pYear=&year=&desc=&cboOrder=date](http://www.cms.hhs.gov/apps/media/press/release.asp?Counter=3560&intNumPerPage=10&checkDate=&checkKey=&srchType=1&numDays=3500&srchOpt=0&srchData=&keywordType=All&chkNewsType=1%2C+2%2C+3%2C+4%2C+5&intPage=&showAll=&pYear=&year=&desc=&cboOrder=date).

public forums that they sponsor or that are sponsored through their community-based partners, such as area agencies on aging. In addition, SHIPs are expected to engage in activities to improve outreach to assist beneficiaries with disabilities. CMS grant guidelines require that SHIPs devote at least 5 percent of FY 2010 federal funds to one-on-one pharmaceutical benefits counseling to low-income people with mental disabilities who are eligible for both Medicare and Medicaid. SHIPs are to provide beneficiaries with access to counselors who are trained to provide the full range of beneficiary services.<sup>5</sup>

Beyond the SHIP basic grant funds, Congress approved other funding for complementary counseling and assistance activities for Medicare beneficiaries in 2008 and 2009. Both MMSEA and MIPPA added funds for these activities conducted by area agencies on aging and Aging and Disability Resource Centers (ADRCs), and for national technical assistance activities to assist beneficiaries to obtain public benefits.<sup>6</sup>

### TRAINING, TECHNICAL ASSISTANCE, AND QUALITY ASSURANCE

Because the complexity of health insurance options for Medicare beneficiaries continues to increase, both paid staff and volunteer counselors need ongoing training and access to technical assistance. CMS provides tools to SHIPs, including daily listservs concerning CMS policies and initiatives, monthly phone conferences with Baltimore-based CMS staff, and bi-weekly phone conferences with CMS Regional Office staff. CMS also convenes an annual SHIP conference to present best practices for SHIP program delivery and training, and support is available through 1-800-Medicare. In addition to these activities, CMS' National Medicare Training Program conducts annual regional training sessions for SHIPs and other CMS partners. CMS also funds a National SHIP Resource Center, operated by the American Institute for Research, that provides a variety of technical assistance and training tools, including a password-protected Web site for grantees.<sup>7</sup> Also, the Health Assistance Partnership (HAP), a project of Families USA, offers technical assistance to SHIP state and local staff and volunteers.

To determine SHIP training and technical assistance needs, HAP has conducted surveys of SHIP directors in recent years. Its 2010 survey shows that the top SHIP training priorities are issues related to coordination of Medicare benefits with other insurance programs, including the Medicaid program and Medigap supplemental coverage, as well as Medicare appeals. The survey indicated that the top issues affecting Medicare beneficiaries are those related to MA plan benefits and design and the lack of coordination between MA and Medicaid plans.<sup>8</sup>

Due to the vast amount and complexity of information that counselors must learn, CMS has focused attention in recent years on developing quality assurance methods for SHIP implementation. The CMS 2010 grant guidelines require SHIPs to demonstrate how they will ensure the accuracy of information provided to beneficiaries including counselor training, monitoring, and certification. The 2010 HAP survey showed that about two-thirds of states certify counselors and about one-quarter are in the process of developing certification programs. Although there are no national certification standards, a majority of SHIPs include initial and continuing training as part of the counselor certification process and require counselor competency testing.<sup>9</sup> The number of training hours and the kinds of counselor testing vary, however.<sup>10</sup> Continuous training for volunteer counselors is necessary to ensure that accurate information is given to beneficiaries, but the significant training commitment required of volunteers is cited as major reason contributing to volunteer turnover.<sup>11</sup>

## ENDNOTES

1. The Medicare Savings Program refers to provisions in Medicaid statute that provide assistance to Medicare beneficiaries with limited income and assets to help them pay for Medicare premium, copayment and deductible amounts.
2. Centers for Medicare & Medicaid Services (CMS), Office of External Affairs, "State Health Insurance Assistance Program (SHIP). FY 2010 Program Announcement for Non-competitive Continuation Grants," CFDA #93.779.
3. Several SHIPs are located in other agencies, including a state Department of Consumer and Business Services, and nonprofit organizations.
4. For a list of state SHIPs, see the SHIP Locator on the Health Assistance Partnership's Web site, available at [www.hapnetwork.org/ship-locator](http://www.hapnetwork.org/ship-locator).

5. CMS, "State Health Insurance Assistance Program (SHIP)."
6. MMSEA required the Secretary of the Department of Health and Human Services to transfer \$5 million from the CMS program management account to area agencies and the Administration on Aging (AoA) Aging and Disability Centers (ADRCs) for fiscal years 2008 and 2009. MIPPA required the transfer of funds from Medicare Trust Fund accounts as follows: \$7.5 million funding for area agencies to aging to conduct outreach regarding LIS prescription drug benefits and the Medicare Savings Program; \$5 million for ADRCs to conduct outreach to beneficiaries regarding Medicare Part D and the Medicare Savings Program; and \$5 million for technical assistance activities that include Web-based decision tools to inform older people about benefits to which they may be entitled and a clearinghouse on best practices to inform older people about benefits. The technical assistance is carried out by the National Council on Aging, through <https://www.benefitscheckup.org/about.cfm>.
7. National SHIP Resource Center's SHIPtalk site is available at <https://shiptalk.org/Public/home.aspx?ReturnUrl=%2fdefault.aspx>.
8. Health Assistance Partnership (HAP), "State of the SHIPs, A Summary of Results from the 2009 SHIPs Needs Survey," January 2010; available at [www.hapnetwork.org/assets/pdfs/state-of-the-ships-report/2010.pdf](http://www.hapnetwork.org/assets/pdfs/state-of-the-ships-report/2010.pdf).
9. HAP, "State of the SHIPs," January 2010.
10. HAP, "State of the SHIPs, A Summary of the Results from the 2008 SHIPs Needs Survey," January 2009; available at [www.hapnetwork.org/assets/pdfs/state-of-the-ships-report/2009.pdf](http://www.hapnetwork.org/assets/pdfs/state-of-the-ships-report/2009.pdf).
11. In 2009, about one-third of SHIPs reported a loss of volunteers compared with the previous year. The top reason cited for this loss was the training commitment required; another was the downturn in the economy. HAP, "State of the SHIPs," January 2010.

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