



## **CENTER FOR BENEFICIARY CHOICES**

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**Date:** October 5, 2006

**To:** Part D Plan Sponsors

**From:** Abby Block, Director

**Subject:** Re-Determination of Low-Income Subsidy (LIS) Eligibility for 2007

The purpose of this memo is to provide your organization with information and guidance about:

- The process used by the Centers for Medicare & Medicaid Services (CMS) and the Social Security Administration (SSA) to re-determine Medicare beneficiaries' low-income subsidy eligibility;
- CMS' expectations of Part D plan sponsors for conducting outreach to members who no longer automatically qualify and steps sponsors may take to ease their members' transition;
- A Special Enrollment Period (SEP) that CMS is granting to individuals who lose their low-income subsidy eligibility; and
- A Special Transaction Reply Report (TRR) identifying individuals who CMS has notified about their loss of LIS.

### Background

The low-income subsidy provides extra help for people with Medicare who have limited income and resources to help pay their Medicare prescription drug plan costs (plan monthly premiums, co-payments and the annual deductible). Certain groups of Medicare beneficiaries automatically qualify (are deemed eligible) for LIS, including full-benefit dual eligible individuals, partial dual eligible individuals (those who belong to a Medicare Savings Program), and people who receive Supplemental Security Income (SSI) benefits but not Medicaid. Other individuals with limited incomes and resources who do not automatically qualify can apply for a low-income subsidy and have their eligibility determined by either the Social Security Administration (SSA) or their State Medicaid Agency. Table 1 provides an overview of how people qualify for LIS.

*Table 1. Overview of how people qualify for LIS*

<b>People with Medicare and</b>	<b>Basis</b>	<b>Data Source</b>	<b>Changes During the Year</b>
Medicaid benefits <ul style="list-style-type: none"> <li>• Full Medicaid benefits</li> <li>• Medicare Savings Program</li> </ul>	Automatically qualify	State files	<ul style="list-style-type: none"> <li>• Qualify for a full calendar year</li> <li>• Generally only favorable changes will occur</li> </ul>
SSI benefits		SSA	
Limited Income and Resources	Must apply	SSA (almost all) or states	<ul style="list-style-type: none"> <li>• Some events can impact status through the year</li> <li>• Extra help can increase, decrease, or terminate</li> </ul>

#### CMS Process for Re-determining LIS Eligibility for People who Automatically Qualify

- August – CMS began identifying LIS eligible individuals who will continue to automatically qualify for LIS in 2007. If they are no longer a full-benefit dual eligible, partial dual eligible, or SSI recipient, their LIS will end on December 31, 2006.
- Late September – Individuals who no longer qualify for LIS automatically in 2007 received, in one mailing, a personalized letter (Attachment A) from CMS explaining this loss of LIS and an SSA application for extra help (Attachment B) to complete and return in an enclosed postage-paid envelope. If a person's situation subsequently changes so that s/he again automatically qualifies for extra help, CMS will send him/her another notice letting him/her know that s/he qualifies.
- Early October – CMS will separately notify (Attachment C) individuals who will continue to qualify automatically for LIS in 2007 but will have an increase or decrease in their co-payment level triggered by a change in their Medicaid eligibility, (e.g. from \$1/\$3 in 2006 to \$0 in 2007 or \$0 in 2006 to \$2.15/\$5.35 in 2007).

CMS is mailing its letters first class, and any undeliverable letters will be returned to CMS for resolution. CMS has procedures in place to follow up on each undeliverable notice to identify and re-mail to the beneficiary's current address, if one is available.

#### SSA Process for Re-determining LIS Eligibility for People Who Apply and Qualify

Individuals who apply and qualify (are determined eligible) for LIS are required to re-establish their eligibility each year with the agency that made the initial determination (i.e., SSA or the state Medicaid program office). The vast majority of those LIS determinations to date have been rendered by SSA.

- At the end of August, SSA mailed a personalized letter (Attachment D) to people who applied and qualified for extra help prior to May 2006 and were not later deemed eligible for LIS. The letter asked them if their income and resources are still below or within certain limits. Those with any changes to their income, resources, or household size were

asked to return a one-page letter in the envelope enclosed with the mailing within 15 days.

- If individuals respond to the first letter from SSA, they will then receive Form 1026B, “Social Security Administration Review of Your Eligibility for Extra Help” (Attachment E). If this form is completed and returned within 30 days, any change to the amount of extra help they qualify for will be effective January 1, 2007. (However, changes in marital status may result in changes to the amount of extra help effective the following month.)
- SSA is also sending its eligibility review form (1026B) directly to some people to complete and return within 30 days, based on its own information showing a change in income or resources. Once SSA makes the initial re-determination, the individual will receive a letter explaining the decision.
- SSA may decide that in 2007 an individual:
  - has no change in the amount of extra help;
  - has an increase in the amount of extra help;
  - has a decrease in the amount of extra help; or
  - no longer qualifies for extra help.
- SSA will send a letter to the beneficiary that explains the decision and his/her appeal rights.

### Special Enrollment Period

CMS is granting a one-time Special Enrollment Period beginning January 1, 2007 through March 31, 2007 to allow any individual who no longer qualifies for LIS to make one Part D enrollment election.

### Plan Responsibilities

CMS expects Part D plan sponsors to reach out by phone or mail to every member who will no longer qualify automatically for extra help beginning in 2007 to encourage them to apply and help them through the process. In support of this effort, CMS is identifying for each Part D sponsor those individuals who CMS is notifying by mail, and providing an outbound script (Attachment F) and model notice (Attachment G) for plans to use. Plan sponsors that will be using the model script or notice are instructed to submit the material under the following marketing material categories:

6005 – Presentations & Scripts – LIS Losing Deeming Status Script

7005 – Special Materials – LIS Losing Deeming Status Model Letter

If the document is submitted as a File & Use piece (where the model is used without modification), CMS will waive the 5 calendar day waiting period before the documents can be used or distributed in the marketplace.

In addition, we have attached a set of Questions and Answers on this topic (Attachment H) for plans to use in response to member inquiries. Plans should also update scripting for inbound calls where appropriate. CMS’ scripting for 1-800-MEDICARE is available at:

<http://www.cms.hhs.gov/partnerships/downloads/scripts.pdf> (refer to pages 104-112 for scripting specific to this issue). Part D plan sponsors may also provide a link on their own plan websites to the SSA website ([www.socialsecurity.gov](http://www.socialsecurity.gov)); SSA's website includes general information about LIS and the application itself.

We also encourage Part D plan sponsors to take steps to assist those members who are losing their low-income subsidy deemed status. For example, we expect that, upon request, plans should be able to provide assistance to individuals in filling out the LIS application. In addition, sponsors may choose to offer up to a 3-month grace period for the collection of premiums and cost-sharing to individuals who are losing their LIS deemed status and are able to demonstrate that they have applied for LIS, provided that this option is offered to all such individuals. If, after the expiration of the grace period, the member still does not appear as LIS eligible according to CMS' records, sponsors could then recoup unpaid premiums or cost-sharing amounts consistent with existing CMS guidance.

### Systems Notification

As mentioned above, CMS is reporting to Part D plan sponsors those members who are being notified about their loss of LIS deemed status. Plans will receive a Special TRR containing one record for each affected beneficiary. The format (Attachment I) of the Special Transaction Reply Report (TRR) will be the similar to the Monthly Full Enrollment file, with the following exceptions: 1) records will contain a Transaction Reply Code (TRC) of 996 in field 15 indicating the change in deeming/LIS status and 2) field 24 will contain 20061231, the deeming end date for these beneficiaries. In addition, the LIS copay and percent will be set to zeros.

Plans should expect to receive this file on October 6, 2006. The file name will follow normal TRR naming convention:

e.g. P#MMA.@BGD5050.PLNxxxxx.YM200610.D06.TRWEEKD

**This file is for informational purposes only. It should not be processed through the Part D plan sponsor's system as a TRR.**

Separately, CMS will release instructions to Part D plan sponsors shortly explaining how 2007 changes to beneficiaries' low-income subsidy eligibility will appear in systems' notifications.

### Points of Contact

For **policy** questions pertaining to LIS eligibility, please contact:

Jill Gotts	<a href="mailto:jill.gotts@cms.hhs.gov">jill.gotts@cms.hhs.gov</a>	410-786-7794
Kay Pokryzwa	<a href="mailto:katherine.pokrzywa@cms.hhs.gov">katherine.pokrzywa@cms.hhs.gov</a>	410-786-5530

For **technical** questions pertaining to this notification, please contact:

MMAHelp Desk at 1-800-927-8069 or via email at [mmahelp@cms.hhs.gov](mailto:mmahelp@cms.hhs.gov).

Attachments