



APPLYING FOR THE LOW INCOME PRESCRIPTION DRUG SUBSIDY – IT’S SOONER THAN YOU THINK

This month, the Social Security Administration (SSA) will mail 2,000 letters to low income Medicare beneficiaries in 41 selected zip codes to test the usefulness of its solicitation letter for the low income subsidy designed to assist with the cost of the Medicare prescription drug benefit. The actual solicitation letter is scheduled to be mailed to between 13 and 20 million beneficiaries beginning in May. Anyone responding to the test letter will have their application for low income subsidy processed, just as if it were part of the regular mailing.

The cover letter informs beneficiaries that, based on SSA records, they may be eligible to get extra help paying for their prescription drugs. (See the [Weekly Alert of March 8, 2005](#) for information on the Part D subsidy income levels.) The letter describes the Medicare drug benefit and then tells people they should complete the application and mail it to SSA. Once the application is reviewed, SSA will send another letter explaining whether the beneficiary qualifies for the subsidy and telling her what to do next. The letter advises people to contact the toll-free Social Security number for help in completing the application, and to contact 1-800 Medicare for questions about the new prescription drug benefit. The [list](#) of regions, office names, and zip codes where beneficiaries will receive the test letter appears at the bottom of this *Weekly Alert*

According to proposed regulations published in the Federal Register on Friday, March 4, SSA and state Medicaid offices, which are also authorized to take low income subsidy applications, will evaluate applications using criteria similar to the criteria used to evaluate applications for Supplemental Security Income (SSI). The reviewing agency will look at income for both the applicant and the applicant’s spouse who lives with the applicant, even if the spouse is not applying for a subsidy. Both unearned and earned income will be counted, though certain amounts will be disregarded for impairment related expenses. As with SSI, the maximum amount of income counted from in-kind support and maintenance will be one-third of the monthly benefit rate.

SSA proposes to count liquid resources, i.e., resources that can be converted to cash within 20 days, in determining whether an applicant for the subsidy meets the assets test. The home in which a person lives and the land on which it is situated are excluded from consideration. Again, resources belonging to a spouse with whom the applicant lives are considered, even if the spouse is not applying for the subsidy. Other resources excluded

from consideration are non-liquid resources, business or other property necessary for support, housing assistance, and \$1500 set aside for burial expenses.

The proposed regulations do not set any time limits for SSA to act on a subsidy application; the application remains in effect until a decision is made. If a subsidy application is approved, SSA proposes to conduct an eligibility redetermination within one year of its initial determination. After the first redetermination, the length of time between redeterminations will vary depending on SSA's assessment of the likelihood that a beneficiary's situation may change. All redeterminations will be prospective.

If a low-income subsidy application filed with SSA is denied, or if SSA decides to reduce or terminate a subsidy, the individual has 60 days to request administrative review by SSA. [NOTE: Subsidy applications filed with the state Medicaid office are subject to Medicaid appeals procedures.] Review will consist of a telephone hearing conducted by someone who was not involved in making the initial determination. The proposed regulations give at least 20 days advance notice of the hearing date, but they do not set a time frame within which SSA must issue its decision upon review. An individual who is dissatisfied with SSA's decision has 60 days to file an action in federal district court seeking review of the decision.

Time-line Update

CMS will begin sending letters in mid May to those who are deemed eligible for the low-income subsidy (dual eligibles and those who get QMB, SLMB, or QI benefits) telling them they do not have to apply for the subsidy. SSA will then begin sending their letters to those people who are potentially eligible for the subsidy in late May. Thus, some beneficiaries will have received the letter from CMS telling them they *are* already eligible for the subsidy, and need not apply, before they receive SSA's letter telling them they *may* be eligible and should apply.

The Center for Medicare Advocacy, Inc., will continue to monitor the low-income subsidy application process. We will also be filing comments on the proposed low-income subsidy eligibility regulations, which are due May 3, 2005.

For further information contact Patricia Nemore (pnemore@medicareadvocacy.org) or Vicki Gottlich (vgottlich@medicareadvocacy.org) in the Center for Medicare Advocacy's Washington, DC office at 202-216-0028.

FIELD OFFICE ZIP CODES – MARCH 2005 APPLICATION TEST

<u>Region</u>	<u>Office Name</u>	<u>ZIP</u>
Boston	Bristol CT	06010
Boston	New Bedford MA	02740

New York	Toms River NJ	08759
New York	East Village	10002
New York	Bklyn-Ave X NY	11214
New York	Uptown NY	10025
Philadelphia	Balt Reisterstown MD	21215
Philadelphia	PHL-Woodland AV	19143
Philadelphia	Greensburg PA	15601
Philadelphia	PH NE PA	19111
Atlanta	Hialeah FL	33012
Atlanta	Delray Beach FL	33437
Atlanta	Port Richey FL	34668
Atlanta	Miami S FL	33165
Atlanta	Ft Lauderdale FL	33321
Atlanta	Leesburg FL	32159
Atlanta	Hickory NC	28645
Atlanta	Pompano Beach FL	33063
Atlanta	Daytona Beach FL	32174
Chicago	Chicago S IL	60620
Chicago	Chicago SE IL	60628
Chicago	Chicago N IL	60659
Chicago	Chicago N IL	60660
Chicago	Chicago NW IL	60634
Chicago	Zanesville OH	43701
Chicago	Lancaster OH	43130
Chicago	Cleveland SW OH	44130
Dallas	Oak Cliff TX	75216
Dallas	Hot Springs AR	71913
Dallas	New Orleans BW LA	70117
Dallas	Mountain Home AR	72653
Kansas City	Poplar Bluff MO	63901
Kansas City	St Louis S MO	63123
Denver	Billings MT	59102
San Francisco	Glendale AZ	85351
San Francisco	Honolulu HI	96817
San Francisco	Laguna Niguel CA	92653
San Francisco	Las Vegas NV	89121
San Francisco	Mission CA	94112
Seattle	Medford OR	97504
Seattle	Roseburg OR	97470