



CMA Weekly Alert – May 19, 2005

MAY MEANS MEDICARE PRESCRIPTION DRUG LOW-INCOME SUBSIDY MONTH

We all know that April showers bring May flowers. In 2006, May is also the month in which the Centers for Medicare & Medicaid Services (CMS) and the Social Security Administration (SSA) start outreach efforts to Medicare beneficiaries who may be eligible for the low-income subsidy (LIS) that helps pay some Medicare prescription drug costs. LIS applications will be processed starting July 1, 2005. The Medicare prescription drug benefit goes into effect on January 1, 2006.

The low-income subsidy helps pay the premiums, deductible, co-payment and coverage gap under the new drug benefit. Assistance varies with income. People with full Medicaid and Medicare (dual eligibles), people in Medicare Savings Programs (MSPs), people with Supplemental Security Income and those with incomes up to 135% of federal poverty level (FPL) and assets not more than \$6,000/individual or \$9,000/couple have no premium, deductible, or coverage gap. In 2006 their co-payment will be \$1 or \$2 for generic/preferred drugs and \$3 or \$5 for other drugs, depending on their income. Dual eligibles have no co-payment if they live in a nursing home. People with incomes up to 150% and with assets not more than \$10,000/individual or \$20,000/couple receive a partial subsidy. They pay a sliding scale premium, a \$50 deductible, 15%/prescription up to the catastrophic threshold, then \$2 for generic/preferred drugs and \$5 for brand drugs. They also have no coverage gap.

MAY (AND JUNE) MAILINGS:

CMS: In May CMS began sending notices to people who are “deemed eligible” for the LIS and who do not have to apply for it. This group comprises people with full Medicaid coverage, people who receive SSI but not Medicaid, and people enrolled in three Medicare Savings Programs (QMB, SLMB, and QI) that help pay Medicare cost-sharing. People who are eligible because they get SSI but not Medicaid, and people who live in Florida, Illinois, Maryland, South Carolina, Vermont and Wisconsin will get their notices in June.

The notices explain that the individual will automatically be eligible for extra help paying for Medicare prescription drugs, that he or she may have to pay a small co-payment, and that he or she will *not* be getting a mailing from SSA explaining how to apply for the LIS. The CMS notices are available at <http://www.cms.hhs.gov/medicarereform/lir.asp>.

CAUTION: People who get only prescription drugs through a Medicaid waiver program and who therefore do not have full Medicaid benefits are not “deemed” eligible for the LIS.

Advocates in the six states named above should look out for such participants who improperly get a notice telling them they are “deemed eligible” for the LIS. Unless these individuals are also eligible for MSP, they will have to apply for the subsidy.

SSA: On May 27, SSA will begin mailing notices about the LIS to about 19 million Medicare beneficiaries who may be eligible for extra help. The notices will be sent out through mid-August based on the last digits of an individual’s Social Security number. The notice informs people about the LIS and that they may apply through Social Security; an application and return envelope are included with the notice. A sample copy of the application and an on-line qualifier tool to help determine whether someone is eligible for the subsidy are available at <http://www.ssa.gov/organizations/medicareoutreach2/> on the SSA website; an on-line application will be available July 1, 2005.

Final rules establishing how income and resources will be counted for determining whether someone meets the LIS eligibility criteria have not yet been published. However, SSA recently made available sections of its Program Operations Manual System (POMS) that address the eligibility criteria. They may be found at <http://policy.ssa.gov/poms.nsf/lnx/0603000000!opendocument>. The POMS provides additional information to staff and advocates clarifying and implementing SSA regulations.

ADVOCACY TIPS

States must screen and enroll for LIS: The new Medicare prescription drug law also *requires* state Medicaid offices to screen and enroll people in the LIS. 42 U.S.C. § 1395w-114(3)(B); 42 C.F.R. § 423.774. However, outreach efforts by CMS and SSA often fail to advise people about their right to apply at state offices, and many states are actively discouraging individuals from doing so.

Why go to the state office? Individuals in many states may benefit from applying at their Medicaid office because Medicaid offices, but not SSA offices, are required to screen applicants for all benefits to which they are entitled, including the Medicare Savings Programs. Many states use eligibility criteria for MSP that are more generous than the eligibility criteria for the LIS. Remember, individuals who are found MSP-eligible are automatically eligible for the LIS, even if they would not otherwise meet the income or asset requirements for the subsidy. Thus, in states with MSP eligibility criteria more generous than those of the LIS, the same individuals who apply through their state office and get both MSP and the LIS might not be found eligible for the LIS if they applied through SSA.

Advocates should check their state’s MSP eligibility criteria to determine how they compare to the eligibility criteria for the LIS. Some states, such as Alabama, Arizona, Delaware and Mississippi, have **eliminated the asset test** for all MSP applicants. States such as Connecticut and Maine have **more generous income requirements** for MSP applicants. Some states have **more liberal rules concerning how they count certain resources or income**. For example, they may exclude the value of support and maintenance provided to the applicant by family members or friends and/or exclude life insurance or burial plots, regardless of their value. States with more liberal rules include, but are not necessarily limited to, Florida, Kansas, Louisiana,

Maryland, Michigan, Missouri, New Hampshire, South Carolina, South Dakota, Vermont, Virginia, and Wyoming.

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