

## 2006 Medicare Part D Subsidy-Eligible Groups Premium & Cost-Sharing Amounts

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Title	Income	Assets	Percentage of Premium Subsidy Amt	Deductible	Co-Payment up to out-of-pocket Limit	Co-Payment above out-of-pocket Limit
<b>Full-Benefit Dual Eligible Institutionalized</b>	Irrelevant	Medicaid Eligible	100%	\$0	\$0	\$0
<b>Full-Benefit Dual Eligible Non-Institutionalized</b>	Up to 100% FPL \$798/mo-(1) \$1,069/mo-(2)	Medicaid Eligible	100%	\$0	The lesser of: (1) cannot exceed \$1-generic/preferred multiple source & \$3- other drugs, or (2) the amount charged to other individuals below 135% FPL with assets that do not exceed \$6,000 (individuals) or \$9,000 (couples)	\$0
<b>Full-Benefit Dual Eligible Non-Institutionalized</b>	Above 100% FPL	Medicaid Eligible	100%	\$0	Cannot exceed: \$2- generic/preferred multiple source and \$5- other drugs	\$0
<b>Other Low-Income Beneficiary</b>	Below 135% FPL \$1,078/mo-(1) \$1,444/mo-(2)	Not above \$6,000 (single) \$9,000 (couple)	100%	\$0	Cannot exceed: \$2- generic/preferred multiple source and \$5- other drugs	\$0
<b>Other Low-Income Beneficiary</b>	Below 135% FPL	Between \$6,000 & \$10,000 (single) \$9,000 & \$20,000 (couple)	100%	\$50	15% Co-Insurance	Cannot exceed: \$2- generic/preferred multiple source & \$5- other drugs
<b>Other Low-Income Beneficiary</b>	At or above 135% FPL, but below 150% FPL \$1,197/mo-(1) \$1,604/mo-(2)	Not above \$10,000 (single) \$20,000 (couple)	Sliding Scale premium subsidy (100% - 0%)	\$50	15% Co-Insurance	Cannot exceed: \$2- generic/preferred multiple source & \$5- other drugs

(1) Premium subsidy amount as defined in §423.780(b).

\*The percentage shown in the table is the greater of the low income benchmark premium amount or the lowest PDP premium for basic coverage in the region.

## **Medicare will provide extra help to those with low incomes and limited assets.**

Of the 14.4 million low-income Medicare beneficiaries eligible to participate in the new drug benefit's low-income subsidy program, nearly 11 million are estimated to actually enroll in 2006. The 14.4 million people are about a third of the estimated 43 million Medicare beneficiaries in 2006.

- About 6.3 million full-benefit dual eligible low-income beneficiaries will have no premium or deductible and nominal co-pays of as little as \$1 or \$3 per prescription. For these beneficiaries, the Medicare benefit will pay, on average, 98 percent of their drug costs. Of the "dual eligible" beneficiaries, about 1.5 million who are institutionalized are totally exempt from cost sharing. They pay no premiums, no deductibles, no coinsurance, and no co-payments.
- About 3 million Medicare beneficiaries who are not full-benefit dual eligibles, but whose incomes are less than 135 percent of the federal poverty level and who have limited assets, will also pay only a few dollars per prescription, with no premium or deductible. Medicare will cover 96 percent of their drug costs on average.
- For about 1.6 million beneficiaries with incomes less than 150 percent of the federal poverty level and assets up to \$10,000 (or \$20,000 if married) in 2006, the Medicare beneficiary will only pay a \$50 deductible, cost sharing up to 15 percent coinsurance, and a sliding-scale premium based on income, covering 85 percent of their drug costs on average.
- The new comprehensive drug benefit is expected to attract more than 1 million beneficiaries with limited means who have been eligible for Medicaid benefits (including SLMB, QMB, and QI benefits) but were not previously enrolled for these Medicaid benefits, as a result of the high value of the drug benefit and Medicare's unprecedented outreach activities.

### **Definition of Family:**

In determining income under the final rule, CMS will take into consideration the size of the applicant's family, which means more individuals will qualify for low-income assistance. For purposes of determining eligibility, family size means the applicant, their spouse living in the same household, and the number of related individuals also living in the same household and who are dependent on the applicant or the applicant's spouse for at least one-half of their financial support. This may include children, grandchildren or other relatives.

### **Definition of Income:**

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.

## Definition of Asset:

In addition to income, an applicant's assets will also be considered. Resources belonging to a spouse with whom the applicant lives are considered, even if the spouse is not applying for the subsidy. However, under the final rule only liquid assets will be counted, including checking and savings accounts, stocks, bonds, and other assets that can be readily converted to cash within 20 days. In addition, the value of real estate other than the family home is counted. The family home, the land on which it is built (including any adjacent ranch or farm land), personal belongings including the family car, the value of burial plots, \$1500 set aside for burial expenses, business or other property necessary for support, housing assistance, and a wedding ring, for example, will not count.

## Deemed Full Subsidy Eligible:

The law deems full-benefit dual eligible individuals to be automatically eligible for low-income subsidies; in other words, they will not have to apply for low income subsidies. In addition, Medicare Savings Program beneficiaries –

- ✓ Qualified Medicare Beneficiaries (QMBs), those entitled to Medicaid coverage of the Part B premium and all Medicare cost-sharing;
- ✓ Specified Low-income Medicare Beneficiaries (SLMBs), those entitled to Medicaid payment of their Part B premium (but not Medicare cost-sharing); and
- ✓ “Qualifying Individuals” (QIs), for whom states receive a 100% federally matched grant to pay the Part B premium –

will be automatically deemed full subsidy eligible. In limited circumstances, some recipients of supplemental security income (SSI) benefits don't receive Medicaid but are still deemed eligible for the subsidy. Deemed full subsidy eligible beneficiaries will have a choice of plans. We will facilitate enrollment of these deemed full subsidy eligible beneficiaries if they do not choose a prescription drug plan on their own.

## Where to Apply:

Beneficiaries have a choice of applying for the low-income subsidy through the state Medicaid office or through the Social Security Administration (SSA). The agency that processes the determinations will determine the manner and frequency for re-determinations and the process for appeals.

## The Application Process:

A model, simplified application form and process for determination and verification of an eligible beneficiary's income and resources (assets) is being developed by the SSA and will be available for Internet, mail, in person, and phone filing. The application form will consist of an attestation regarding a beneficiary's income, family size, and assets. This means that beneficiaries will not have to gather together and bring volumes of files to a government office. In fact, the goal of the application process is to eliminate the need to visit a government office at all. Whether applicants apply online, by phone, mail, or in person, no financial documents will be necessary at the time of application. SSA will verify most information through data matches with existing SSA, Internal Revenue Service and other government files. SSA may need to request some follow up documentation to verify resources if data matches do not provide the needed verification.

## **Approval & Redeterminations:**

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.

## **Denials:**

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. 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. **[NOTE:** Subsidy applications filed with the state Medicaid office are subject to Medicaid appeals procedures.]