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Medicare Part D Materials for Advocates

The Low Income Subsidy Redetermination and Redeeming

Fall 2007

The Low Income Subsidy **Redetermination and Redeeming**

The Low Income Subsidy (LIS) is a separate benefit of the Medicare Part D program which permits Part D beneficiaries who meet certain income guidelines to obtain coverage for most of the out of pocket costs of Part D – i.e. premiums, deductibles and coinsurance. There are different levels of assistance under the LIS, but those who qualify for the highest levels of assistance pay no premium, no deductible and low co-payments (around \$1-\$5 per prescription). More than nine million Medicare beneficiaries receive the LIS—almost forty percent of all Part D enrollees.¹

There are two different ways that Medicare beneficiaries can get the LIS: (1) individuals who are dually eligible for Medicare and Medicaid, as well as those enrolled in Medicare Savings Programs (e.g. QMB, SLMB, QI) and SSI-only recipients are automatically **deemed** eligible for the LIS by the Centers for Medicare and Medicaid Services (CMS); and (2) individuals who are not automatically deemed may apply to be **determined** eligible for the LIS through the Social Security Administration (SSA) or their state Medicaid office.

This tool is about the processes by which those who have already been deemed or determined eligible may continue to receive the LIS in subsequent calendar years. For more general information about the LIS process and eligibility, see the National Senior Citizens' Law Center other tools for advocates about the LIS, including “The Low Income Subsidy for Medicare Part D Enrollees: Summary of Regulations and Procedures.”²

1. What Is Redetermination/Redeeming?

Redetermination and redeeming are terms for the process of evaluating whether beneficiaries who receive the LIS are eligible to receive the subsidy in the next calendar year. Redetermination refers to the process for beneficiaries who were originally determined eligible for the LIS by the SSA. Redeeming refers to the process for beneficiaries who were originally deemed eligible for the subsidy by virtue of their SSI or Medicaid eligibility (dual eligibles, including beneficiaries enrolled in a Medicare Savings Program (MSP)).

¹ Kaiser Family Foundation Fact Sheet, “Medicare: Low-Income Assistance Under the Medicare Drug Benefit” (July 2007).

² Tools related to the LIS are available online at http://www.nslc.org/areas/medicare-part-d/area_folder.2006-09-28.4596471630/area_folder.2006-10-31.2509406405.

2. Who Conducts the Redetermination and Redeeming Processes?

CMS evaluates continuing eligibility for the LIS for dual eligibles, including Medicare Savings Program (MSP) enrollees and SSI recipients – i.e. beneficiaries who are “deemed” eligible for the LIS (the “redeeming” process). SSA evaluates continuing eligibility for all other LIS enrollees – i.e. beneficiaries who were not automatically eligible for the LIS and had to apply on their own (the “redetermination” process).

3. What is the CMS Process for Redeeming?

As mentioned above, CMS conducts the redeeming process for beneficiaries that were originally deemed eligible by virtue of their Medicaid eligibility. To be deemed eligible for the LIS means to qualify automatically without having to complete a separate LIS application. Three groups of beneficiaries are deemed eligible for the LIS: dual eligibles (those with Medicare and full Medicaid), beneficiaries enrolled in a Medicare Savings Program (MSP) or beneficiaries with SSI, whether or not they also receive Medicaid.

First, a little background on the deeming process. Every month each state Medicaid agency sends a state eligibility file also referred to as the “MMA file” to CMS. This file is sent around the middle of the month. This file lists the names and eligibility information of all beneficiaries who received Medicaid benefits (including MSP) in that month. If a beneficiary’s name appears on the state MMA file, he or she is deemed eligible for the LIS for the rest of the calendar year. This LIS eligibility will not be revoked during the calendar year, even if the beneficiary’s name does not appear on a state file in a later month.

The process of redetermining LIS eligibility for the following year begins with the **July** MMA file. If a beneficiary’s name appears on any month’s file from July through December, he or she will be deemed eligible both for the rest of the current year and for all of the next calendar year.

In September, CMS sends letters to all beneficiaries who were deemed eligible for the LIS for the current year, but do not appear on the July state file. The letter informs them that their deemed status will end on December 31st. This “loss of deemed status” letter informs beneficiaries that they may apply for the subsidy through SSA or the State Medicaid office if they want to continue receiving the subsidy in the following year. An SSA LIS application and a postage paid envelope will be included in the letter.

Note: Beneficiaries who did not appear on the July state file will receive a notice even if they appear on the MMA file in a later month. By appearing on the MMA file in a later month, they have reestablished their deemed eligibility and will be eligible for the subsidy for the following year.

In late September, CMS sends notices to deemed beneficiaries whose co-payments will change as of January 1 of the next calendar year. The letter informs beneficiaries of their new co-payment level. The new co-payment level could be either higher or lower. Individuals who are redeemed at the same level will receive no notice confirming their continued eligibility for the LIS.

CMS described the redeeming process in a letter to State Medicaid Directors. A copy of the letter is attached at the end of this document. Samples of the notices individuals will receive regarding termination of the deemed status and changes in co-pay amounts are also attached.

4. What Is the Process for Redetermination?

SSA conducts its annual redetermination process between August and December for those beneficiaries who affirmatively applied for the LIS through SSA (i.e., were not deemed eligible).³

Around the end of August, SSA will send redetermination forms, called the SSA Form 1026-OCP-SM-REDE, to certain LIS recipients who are selected for active review to see if they will re-qualify for the LIS in the following year. (This form is nearly identical to the 1026-B.) Beneficiaries who receive the form **must** complete and return it to SSA within 30 days. The recipient may contact the field office within the 30 day period to request a one-time extension of up to 30 days. If the form is not returned within 30 days, SSA will notify the recipient that their subsidy will be terminated, after due process, effective January 2007. (If the subsidy is terminated, the individual can reapply.)

Once SSA has received the completed form, it will reevaluate the beneficiary's eligibility for the subsidy based on the information provided and a data match with other federal agencies. SSA will either approve the same level of subsidy, increase the level of subsidy, decrease the level of subsidy, or terminate the subsidy and will notify the beneficiary of its decision in writing. The beneficiary will have an opportunity to appeal the decision and is entitled to continue receiving the subsidy during the period of the appeal if the appeal is filed within 10 days of receipt of the notice.

Note: Any action taken by SSA will be effective in January of the following calendar year, unless the action is a result of a change in marital status (marriage; death, divorce, annulment or separation from a living-with spouse; or resumption of living together with previously separated spouse). Changes to the benefit due to a change in marital status will take effect in the month after the month in which the information was reported to SSA.

³ SSA's LIS redetermination process is described in Section HI 03050.011 of SSA's Program Operations Manual System (POMS) (see <https://s044a90.ssa.gov/apps10/poms.nsf/lrx/0603050011!opendocument>).

SSA will not send forms to all LIS recipients who were determined eligible by SSA. Beneficiaries who do not receive the form will be passively re-determined eligible for the Low Income Subsidy for the next calendar year. They will not need to take further action to maintain their subsidy.

There are two groups of beneficiaries that will receive a 1026-OCP-CM-REDE form: 1) those who receive the form as part of the “initial redetermination” process and 2) those who receive the form as part of the “cyclical redetermination” process.

Initial Redetermination. Participants in the initial redetermination process will be chosen from those beneficiaries who were determined eligible for the LIS between May of the previous year and April of the current year. For example, the initial redetermination process in the fall of 2007 will select beneficiaries who were determined eligible between May 2006 and April 2007. Not all of these beneficiaries will receive a form. Only beneficiaries who meet the following criteria will receive a 1026-OCP-CM-REDE:

- Beneficiaries for whom SSA data indicates a potential change in subsidy.
- Beneficiaries who receive in-kind support and maintenance.
- Beneficiaries who are members of a couple with different filing dates or different subsidy amounts.
- Beneficiaries who reported an event that could impact LIS eligibility or amount (such as a change in income or assets).
- Beneficiaries who did not respond to a request by SSA’s Office of Quality Performance for review of eligibility.
- Beneficiaries for whom the Office of Quality Performance found errors in their record.

Cyclical redetermination. Participants in the cyclical redetermination process will be chosen from all LIS recipients, including those that were determined eligible for the LIS in previous year. Beneficiaries will receive the 1026-OCP-SM-REDE if, according to SSA, they fit a profile for individuals who are more likely to have a change in household size or finances that would affect eligibility for the LIS. The cyclical redetermination will also include:

- Beneficiaries who are members of a couple with different filing dates or different subsidy amounts.
- Beneficiaries who reported an event that could impact LIS eligibility or amount (such as a change in income or assets);
- Beneficiaries who did not respond to a request by SSA’s Office of Quality Performance for review of eligibility;
- Beneficiaries for whom the Office of Quality Performance found errors in their record.

The process for SSA redetermination is found in the Program Operations Manual System (POMS) at <https://s044a90.ssa.gov/apps10/poms.nsf/lnx/0603050000!opendocument>. A copy of the 1026-OCP-SM-REDE appears in the POMS and at the end of this tool.

5. What happens to individuals who lose their LIS?

Individuals who are not able to reestablish LIS eligibility, will receive their Part D benefits just as another non-LIS beneficiary as of January of the next calendar year. These individuals will remain in the plan in which they were enrolled and will have to begin paying the monthly premium, deductible and co-payments required by that plan.

Individuals losing the LIS are, however, treated differently than other non-LIS beneficiaries in one important respect. These individuals are granted a Special Enrollment Period (SEP) from January 1 to March 31. The SEP offers qualifying individuals the opportunity to make one election outside the usual fall annual enrollment period. Individuals can switch plans, enroll in Part D or disenroll from Part D during this SEP.

6. Special Considerations for Beneficiaries with a Share of Cost/ Spend Down

The redeeming process has a significant impact on beneficiaries with a “Share of Cost” (SOC) who have not yet met their SOC. Beneficiaries with a SOC are medically needy beneficiaries who have incomes over the allowable Medicaid limits. These beneficiaries can “spend down” their excess income in order to become eligible for Medicaid. In some states SOC is referred to as “spend down.”

For beneficiaries with a SOC who, prior to becoming eligible for Medicare, relied primarily on prescription drug expenses to meet their SOC, the extra help they receive under the LIS may make it more difficult to meet their SOC. Beneficiaries who do not meet their SOC in July through December will not be redeemed for the next calendar year.

Beneficiaries who are able to meet their SOC in any month from July through December will appear on the state file transmitted to CMS once they meet it and will be deemed eligible for the full subsidy for all of the next calendar year.

Beneficiaries who cannot meet their SOC during July-December have several options.

- A. Apply for a Medicare Savings Program.** Many beneficiaries who have a SOC for full Medicaid have income low enough to qualify for a Medicare Savings Program. If the beneficiary qualifies for a MSP in the Fall, he or she will automatically be deemed eligible for the full LIS for all of the next calendar year. For more

information on Medicaid Savings Programs eligibility see:

<http://www.cms.hhs.gov/States/Downloads/MSPEligibilityCriteriaChart.pdf>

- B. Affirmatively apply for the LIS through the state or SSA.** Beneficiaries who are not redeemed may apply for the LIS through the state or SSA. Beneficiaries who do not qualify for Medicaid or an MSP because of excess income may still qualify for one of the partial subsidies offered under the LIS. The partial subsidy is not as good as the one provided to full benefit dual eligibles and could include a deductible, premium and co-payments above \$5. If the beneficiary has the LIS in the current year and is found eligible for the LIS by SSA in the Fall, the new subsidy level will take effect on January 1 of the following year. For some beneficiaries, these increased costs may be enough to allow them to meet their SOC again and become eligible for the full subsidy from the month they meet their SOC.

Pros: Applying early for the LIS through SSA or the state Medicaid agency before the end of the current enrollment year will ensure that the individual's new LIS eligibility is in the computer system for January 1 of the next calendar year.

Cons: Most SOC beneficiaries who have not yet met their SOC will only qualify for the partial subsidy – a level of subsidy which is not as good as the full subsidy the individual received by meeting their SOC and being deemed eligible for the LIS. Additionally, being on the partial subsidy may decrease the beneficiaries' expenses just enough to make it difficult for them to incur enough costs to meet their SOC.

- C. Do nothing during the Fall and meet the SOC during the next calendar year.** Many beneficiaries would be able to meet their SOC if not for the extra help they receive from the LIS. If these beneficiaries do not meet their SOC between July and December and do not otherwise affirmatively apply for the subsidy, they will lose the LIS effective January 1 of the next calendar year. In January, with their premium payments, initial deductible and higher co-payments, they could then meet their SOC and be deemed eligible for the full subsidy for the entire calendar year. NOTE: As a backup, these beneficiaries should apply for the LIS in January (or at least secure an application date). If, for any reason, they fail to meet their SOC in January, they will have their partial LIS subsidy available retroactive to January 1 (assuming they qualify for the LIS).

Pros: Without the LIS, the beneficiaries' drug costs may increase enough to meet their SOC in January and thus qualify for the full subsidy for the entire calendar year, rather than just a partial subsidy.

Cons:

- Part D plan benefits, even without the LIS, may still keep some beneficiaries from incurring enough prescription expenses to reach their SOC.
- Even if an individual does incur sufficient medical expenses to meet the SOC, the amount spent in January must be compared to the expected savings between

the full subsidy and partial subsidy (assuming the individual qualifies for a partial subsidy) over the full year in order to determine whether this plan leaves an individual better off.⁴

- The computer systems that communicate information about the LIS eligibility do not operate quickly or smoothly. While a beneficiary may meet their SOC in January, it may take a number of months before the information makes its way to the beneficiary's plan. In the meantime, the beneficiary may have problems paying the out-of-pocket costs for medications. While reimbursement will eventually be available for these out-of-pocket costs,⁵ it will likely be a number of months before the beneficiary actually receives the reimbursement.

D. Drop Part D coverage completely effective January 1 and meet the SOC in January. Even without any LIS, some beneficiaries enrolled in Part D may still have trouble meeting their SOC. These beneficiaries could consider dropping their Part D coverage completely effective January 1. They could then meet their SOC in January by paying their entire prescription drug costs out-of-pocket and be deemed eligible for the LIS for the entire calendar year. As full benefit duals, they would then be auto-enrolled into a plan retroactive to January 1. They could stay in the plan into which they were auto-enrolled or switch to a new plan.

Beneficiaries exercising this option should be aware that the enrollment and disenrollment computer system is inefficient and often inaccurate. Beneficiaries are likely to experience significant time lags between the month they meet their SOC and the month in which they are actually enrolled in a Part D plan with the LIS. In the meantime, beneficiaries will be responsible for all of their prescription costs and, while retroactive reimbursement of these costs will eventually be provided,⁶ it could take many months.

As with option C above, these beneficiaries, as a backup, should apply for LIS in January. If they fail to meet their SOC, but qualify for LIS they get the benefits of the LIS along with a Special Enrollment Period allowing them to reenroll in a Part D plan. However, the SEP does not begin until the month in which the beneficiary is found eligible for the LIS and enrollment would take effect on the first day of the month after the first month of eligibility at the earliest. This would leave the beneficiary with no Part D plan for January and, therefore, no opportunity for

⁴ The availability of retroactive reimbursement for Part D expenses used to meet the SOC is unclear. Generally, federal Medicaid law does not allow for a federal program to reimburse the individual for the expenses incurred to meet the SOC, however, the current Part D computer system has no way of determining which costs were part of the beneficiary's SOC. The Part D plan is not even likely to know that the individual had to meet a SOC in order to qualify for the LIS. Therefore, it is not unlikely, under the current system, that a beneficiary who meets their SOC using Part D covered prescription drug expenses would be able to receive reimbursement of the SOC amount from the Part D plan that is eventually assigned to or chosen by the beneficiary.

⁵ Part D plans are required to retroactively reimburse the beneficiary for covered out-of-pocket costs incurred on Part D covered drugs during a period in which the beneficiary was retroactively eligible for the LIS (or for a higher level of LIS). This is a clear rule for costs beyond the SOC amount. See Footnote 4 regarding the availability of retroactive reimbursement for Part D expenses used to meet the SOC.

⁶ See Footnote 5.

reimbursement of any costs incurred in January. The beneficiary would likely be without a plan or an opportunity for reimbursement in February as well since LIS applications usually take at least two months for the SSA to process.

The Pros and Cons for option C apply to Option D as well. Option D would allow individuals to meet their SOC faster by removing any savings the beneficiary would receive by being enrolled in a Part D plan. However, **beneficiaries and advocates should take great care when deciding whether or not it is advantageous to drop Part D coverage completely.** If they fail to meet their SOC, they could find themselves outside an enrollment period (though the Special Enrollment Period granted to individuals losing their LIS and discussed above should help) and unable to rejoin a plan. This could leave them without coverage and also with late enrollment penalties.

Note: As mentioned above, beneficiaries losing their LIS are granted a Special Enrollment Period from January 1 to March 31. SOC individuals could use this enrollment period to pick a Part D plan. So whether they eventually qualify for LIS or not, they will have an opportunity to enroll in a plan. However, enrollment decisions made in January would not be effective until February 1 and would only be retroactive to January 1 if the individual actually meets their SOC in January. Therefore, individuals exercising this option who do not meet their SOC would be without any coverage (or opportunity for reimbursement) in January.

For all of these reasons, **it is not recommended that beneficiaries consider dropping Part D coverage except when they are absolutely sure that they will meet their SOC.**

Applying for the LIS as a Backup for Options D and E: As noted above, the beneficiary and/or advocate utilizing either of these last two options (D or E) should take additional steps to protect the beneficiary. In January, the beneficiary should apply for the LIS through SSA. It will take at least a month for the application to be processed, but when it is, eligibility will date back to January 1. In the meantime, the individual would incur higher costs in order to meet the SOC. If the individual is able to meet the SOC and is deemed eligible for the LIS, this deeming will take priority over the SSA application. If the individual does not meet the SOC, the SSA application would act as a back-up. Individuals who drop their Part D plan entirely, who do not meet their SOC and do not qualify for the LIS must remember to reenroll in a plan by March 31 (the end of the Special Enrollment Period for individuals losing the LIS). If they do not reenroll by March 31, they could find themselves without any opportunity to join a plan until the next Annual Enrollment Period (November).

There is no one answer for beneficiaries with a SOC who are going through the redeeming process. Each beneficiary's situation is different. For each beneficiary, advocates should weigh 1) the costs the beneficiary would incur throughout the year on a

partial or no subsidy versus 2) the amount of the SOC⁷ plus the costs the beneficiary would incur throughout the year on the full subsidy. The advocate must also, of course, consider the beneficiary's desire for a secure, predictable benefit as well as the beneficiary's ability to pay for medications out-of-pocket while waiting for the computer systems to update enrollment and LIS information.

If you have questions on the redetermination/redeeming process please contact Kevin Prindiville (kprindiville@nslc.org, 510-663-1055, ext. 307) or Anna Rich (arich@nslc.org, 510-663-1055, ext. 305) in NSCLC's Oakland office.

August 2007

⁷ Remember, as mentioned in Footnote 4, it may be possible for the beneficiary to obtain retroactive reimbursement for SOC expenses incurred on Part D covered drugs from the Part D plan.

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations
Disabled and Elderly Health Programs Group (DEHPG)

June 11, 2007

Dear State Medicaid Director:

The Centers for Medicare & Medicaid Services (CMS) is now preparing for the second annual re-determination of Medicare Part D low-income subsidy (LIS) deemed status, also known as “re-deeming.” The purpose of this memorandum is to share important information about this process with you, so that you are aware of the possible consequences for your residents who may no longer qualify for LIS. We provide detailed information about this process below, and will also be hosting a special conference call with all States on Thursday, June 14th at 3:30 p.m. EDT. Specific call-in information will be provided separately, but we encourage you to mark this date in the meantime, so that you can plan to attend. We view this call as a first step in what we anticipate will be an ongoing dialogue with States about the 2007-2008 re-deeming process.

General Background

As you are probably aware, individuals who qualify for LIS deemed status for 2007 are deemed eligible through December 31, 2007. The re-deeming process will determine who will continue to be deemed for calendar year 2008, and whether the individual’s copayment level will increase, decrease, or remain the same. Therefore, we cannot emphasize enough the importance of your July 2007 State Medicare Modernization Act (MMA) file submissions, and subsequent file submissions, in making sure all qualified individuals continue to be deemed for the subsidy.

As with all LIS deeming, CMS will use State MMA files and Social Security Administration (SSA) files, respectively, as the basis for re-deeming full dual and partial dual (QMB-only, SLMB-only, QI) individuals, and SSI-only eligible individuals. For the initial re-deeming process, CMS will use July 2007 State MMA file data. Individuals reported as full or partial dual eligible beneficiaries in the eligibility month/year of July 2007 will have their LIS deemed status extended to December 31, 2008. The copayment level for 2008 will be based on the eligibility category, income, and institutional status as of July 2007. Re-deeming will continue to occur monthly thereafter. CMS will continue to look for individuals whom States report as full or partial duals for eligibility

month/year July 2007 and later, and re-deem them for 2008. For example, if a beneficiary is reported on a September MMA file as retroactively eligible for just the month of August 2007, the person will be re-deemed for 2008; if a person is reported on that same file as retroactively eligible for only May 2007, they will not be re-deemed for 2008.

Beneficiaries who appear as subsidy-eligible on a State file for the first time between July 2007 and December 2007 will be deemed from the earliest month of subsidy eligibility indicated by the State through December 31, 2008.

Beneficiaries previously deemed eligible for the LIS based on State data that do not appear as subsidy-eligible in July or subsequent State files will not be deemed for calendar year 2008. Their deemed status will end on December 31, 2007.

Notices to Beneficiaries

In September, CMS and SSA will do a joint mailing of notices to beneficiaries whose deemed status will not continue in 2008 based on their absence from the State's July or August State MMA file or SSA's August file. This mailing will include an SSA low-income subsidy application and a postage-paid return envelope to assist the individual in reestablishing eligibility for the subsidy for 2008. The Business Reply envelope will be addressed to—

Social Security Administration
PO Box 1021
Wilkes-Barre Pennsylvania 18767-9989

Individuals who are re-deemed but whose subsidy level will change in 2008 will be notified by CMS in October via a separate notice. CMS will not notify individuals whose deemed status will be extended to December 31, 2008 without change.

CMS Notification to States

In September, CMS will provide information to States about their residents who will lose deemed status effective January 1, 2008. We strongly recommend that States use this information to screen these individuals for eligibility for Medicaid or any of the Medicare Savings Program, or to work with them to apply for LIS. More specific information, including file format, will be provided separately.

CMS will also provide data on the monthly MMA State response file on the re-deemed status of those reported on a given monthly file. This information will appear on the State's response file in the month following the month in which the data is reported. For example, the results of data submitted by the State for re-deeming in July will appear on the State's August response file. This is necessary because deeming from the July State data will occur at the beginning of August, after the July response file has already been

sent to the State. The following data will appear in the response file when the beneficiary has been re-deemed:

- Beneficiary Copay Type = D
- Beneficiary Copay Level = 1, 2, or 3
- Copay Start Date = 01/01/2008
- Copay End Date = 12/31/2008.

What Do States Need to Do?

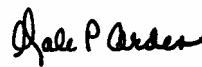
Again, we cannot overemphasize the importance of the accuracy of the July State MMA files for the process of redetermining deemed status. States' inclusion or exclusion of beneficiaries from their July through December 2007 MMA files will determine whether those beneficiaries will be deemed eligible for the low-income subsidy for 2008.

We also strongly encourage States to assist those who are no longer full or partial dual eligible to apply for LIS with SSA. Both the data file CMS will provide to States in September and the monthly MMA State response files will provide States with the information needed to identify these individuals. We will also be happy to consider suggestions from States on other ways CMS and SSA can work with States to help qualified individuals obtain extra help from Medicare. We look forward to discussing this with you further during our call on June 14th.

Contact Information

CMS appreciates States' continued assistance in ensuring that dual eligible beneficiaries have timely, affordable, and comprehensive coverage under the Medicare Part D prescription drug benefit. For further information about the LIS redetermination process, please contact Jeff Maready at 415-744-3523 or at jeffrey.maready@cms.hhs.gov.

Sincerely,



Gale P. Arden
Director

cc:

CMS Regional Administrators

CMS Associate Regional Administrators
for Medicaid and State Operations

Martha Roherty
Director, Health Policy Unit
American Public Human Services Association

Joy Wilson
Director, Health Committee
National Conference of State Legislatures

Matt Salo
Director of Health Legislation
National Governors Association

Lauren Raskin Ramos
Principal Director, Public Health Prevention and Promotion
Association of State and Territorial Health Officials

Christie Raniszewski Herrera
Director, Health and Human Services Task Force
American Legislative Exchange Council

Debra Miller
Director of Health Policy
Council of State Governments

State Pharmaceutical Assistance Program Directors

Introduction to the Re-deeming Notice: Loss of (Extra Help) Status Version

What Is the Purpose of This Notice?

The purpose of this notice is to inform some people with Medicare that they no longer automatically qualify for extra help (aren't deemed) as of January 1, 2007, and encourage them to apply for extra help to see if they will continue to qualify.

Who Gets This Notice?

People with Medicare won't automatically qualify for extra help in 2007 because they no longer either

- qualify for Medicaid; or
- get help from their state Medicaid program to pay Medicare Part A and/or Part B premiums (belong to a Medicare Savings Program); or
- get Supplemental Security Income (SSI) benefits but not Medicaid.

When Do People Get This Notice?

The notice and an application for extra help will be mailed in September on white paper.

What Should People Do Next?

People who have limited income and resources and think they may still qualify for extra help should apply as soon as possible. If they apply and qualify, they will continue to get extra help in 2007. An application for extra help will be mailed with the notice. People can fill it out and mail it back to Social Security as soon as possible.

If they have questions about the notice or Medicare prescription drug coverage, they can

- call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.
- read the "Medicare & You" handbook.
- visit www.medicare.gov on the web.
- call their State Health Insurance Assistance Program (SHIP) for free personalized health insurance counseling. See the "Medicare & You" handbook or call 1-800-MEDICARE for their telephone number.



<BENEFICIARY FULL NAME>
<ADDRESS>
<CITY STATE ZIP>

HICN <1234>
<file creation date>

Please keep this notice for your records. You have been getting extra help from Medicare to pay some of your Medicare prescription drug coverage costs. You are getting this notice because starting January 1, 2007, **you will no longer automatically qualify** for this extra help. This means the costs for your Medicare prescription drug coverage may change. **However, because you may still qualify for the extra help, you can apply for that help to continue in 2007.**

You won't **automatically** qualify for extra help next year because you no longer

- qualify for Medicaid; or
- get help from your state Medicaid program to pay your Medicare Part A and/or Part B premiums (belong to a Medicare Savings Program); or
- get Supplemental Security Income (SSI) benefits but not Medicaid.

If in the coming months your situation changes so that you again automatically qualify, we will send you another notice letting you know that you qualify.

What should I do to apply for extra help?

If you have limited income and resources and think you may still qualify for extra help with your prescription drug costs, **you will need to apply and qualify** through Social Security or your State Medical Assistance (Medicaid) office. You can apply for extra help by filling out and mailing the application that is included with this notice.

You should apply as soon as possible to make sure that, if you qualify, you will get extra help starting January 1, 2007.

(Continued on back) 

Para obtener una copia de esta aviso en español, llame GRATIS al 1-800-MEDICARE (1-800-633-4227). Los usuarios de TTY deben llamar al 1-877-486-2048.

You may qualify if

- your yearly income is less than \$14,700 (single) or \$19,800 (married and living with your spouse), and
- your resources are less than \$11,500 (single) or \$23,000 (married and living with your spouse). Resources include your savings and stocks but not your home or car.

The above amounts are for 2006 and may change in 2007. If you live in Alaska or Hawaii, or pay at least half of the living expenses of dependent family members, income limits are higher.

Where can I get more information?

If you have questions about filling out this application, please visit Social Security at www.socialsecurity.gov on the web or call 1-800-772-1213. TTY users should call 1-800-325-0778.

If you have questions about Medicare prescription drug coverage or the information in this notice, here are some resources:

- 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.
- “Medicare & You” handbook.
- www.medicare.gov on the web.
- State Health Insurance Assistance Program (SHIP) for free personalized health insurance counseling. See your “Medicare & You” handbook or call 1-800-MEDICARE for their telephone number.

If you think you received this notice because of an error, call 1-800-MEDICARE.

Introduction to the Re-deeming Notice: Change in (Extra Help) Copayment Level Version

What Is the Purpose of This Notice and Who Gets It?

The purpose of this notice is to inform people with Medicare who will continue to automatically qualify for extra help (be deemed) in 2007 if their copayment level will change. The notice informs these people what their copayment will be as of January 1, 2007.

The change in copayment level could result from a change from one of the following categories to another: institutionalized with Medicare and Medicaid, have Medicare and Medicaid, get help from Medicaid paying Medicare premiums (belong to a Medicare Savings Program), or get Supplemental Security Income benefits but not Medicaid.

When Do People Get This Notice?

The notice will be mailed by early October on white paper.

What Should People Do Next?

If they have questions about Medicare prescription drug coverage or the information in this notice, here are some resources:

- 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.
- “Medicare & You” handbook.
- www.medicare.gov on the web.
- State Health Insurance Assistance Program (SHIP) for free personalized health insurance counseling. See the “Medicare & You” handbook or call 1-800-MEDICARE for their telephone number.



<BENEFICIARY FULL NAME>
<ADDRESS>
<CITY STATE ZIP>

HICN <1234>
<file creation date>

Please keep this notice for your records. You currently qualify for extra help to help you pay for your Medicare prescription drug coverage. You will continue to qualify for all of 2007. However, the amount of help you are getting to pay for your prescriptions has changed. This means the amount you pay for each prescription is changing. This notice shows the new amounts you will pay for each prescription.

Now: You pay <up to \$1 or \$2 for generic drugs and up to \$3 or \$5 for brand name drugs or \$0> for each covered prescription you fill at one of your Medicare drug plan's participating pharmacies. These amounts continue until December 31, 2006.

Next Year: Starting January 1, 2007, you will pay <up to \$1 or \$2.15 for generic drugs and up to \$3.10 or \$5.35 for brand name drugs or \$0> for each covered prescription you fill at one of your Medicare drug plan's participating pharmacies.

Where can I get more information?

If you have questions about Medicare prescription drug coverage or the information in this notice, here are some resources:

- 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.
- "Medicare & You" handbook.
- www.medicare.gov on the web.
- State Health Insurance Assistance Program (SHIP) for free personalized health insurance counseling. See your "Medicare & You" handbook or call 1-800-MEDICARE for their telephone number.

If you think you received this notice because of an error, call 1-800-MEDICARE.

Para obtener una copia de esta aviso en español, llame GRATIS al 1-800-MEDICARE (1-800-633-4227). Los usuarios de TTY deben llamar al 1-877-486-2048.

Social Security Administration Review Of Your Eligibility For Extra Help



We must review your eligibility for extra help with Medicare Prescription Drug plan costs. We will check to be sure that you are still eligible and that your extra help, also known as the subsidy, is correct. We want to make this review as simple as possible for you, so you will not need to visit the office.

What We Will Do To Review Your Case

As part of the review, we will look at current information in our records. Your continued eligibility is determined by the amount of your income, resources and household size. If you have a spouse and you are living together, your total income and resources count.

What You Need To Do For This Review

- Please complete the enclosed form; do not use the form on the Internet website.
- Refer to the *Income and Resources Summary* on the back of this letter when completing the form.
- Sign and return the form in the enclosed envelope within 30 days.

If You Do Not Return This Form

If you do not return this form within 30 days, your help with Medicare Prescription Drug plan costs will be terminated. If you are waiting for information from another agency or need assistance, you may call Social Security toll-free at **1-800-772-1213** (TTY **1-800-325-0778**). If you do need assistance, we can give you an additional 30 days to return the form to us.

Regional Commissioner

Enclosures

Social Security Administration Income and Resources Summary



Name XXX-XX-9999
Spouse Name XXX-XX-9999

Refer to these figures when completing the enclosed form (SSA-1026):

Resources (see question 5) Value

Bank accounts \$ _____
 Stocks, bonds or other investments \$ _____
 Cash \$ _____
 Cash value of life insurance \$ _____
 Value of real estate other than your home \$ _____

Household Size (see question 7)..... _____

Help with Household Expenses (see question 8) Monthly Amount

Help With Household Expenses \$ _____

Income Not From Work (see question 9) Monthly Amount

Social Security benefits (before deductions) \$ _____
 Railroad Retirement benefits (before deductions) \$ _____
 Veteran's benefits (before deductions) \$ _____
 Other pensions or annuities \$ _____
 Other income \$ _____

Earned Income (see question 10) Annual Amount

Wages (before deductions)
 Yours \$ _____
 Your spouse's \$ _____
 Net earnings from self-employment
 Yours \$ _____
 Your spouse's \$ _____
 Net loss from self-employment
 Yours \$ _____
 Your spouse's \$ _____

Disability Or Blind Work Expenses (see question 11) Monthly Amount

Disability work expenses \$ _____
 Blind work expenses \$ _____

KEEP THIS PAGE FOR YOUR RECORDS



Statement for Continuing Eligibility for Extra Help with Medicare Prescription Drug Plan Costs

Please go to the next page

Instructions for Completing the Statement for Continuing Eligibility for Extra Help with Medicare Prescription Drug Plan Costs



To Provide Extra Help in Paying for Your Drug Expenses

How To Complete This Form

- Refer to the *Income and Resources Summary* on the back of the enclosed letter when completing this form;
- Use **BLACK INK** or a **#2 pencil**;
- Keep your numbers, Xs and letters inside the boxes; use only **CAPITAL** letters;
- Do not use dollar signs when entering money amounts. The dollar sign is preprinted; and
- Cents can be rounded to the nearest whole dollar.

EXAMPLE

Put an X in the box. DO NOT fill in or use check marks in boxes.

<input checked="" type="checkbox"/>	<input type="checkbox"/>
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CORRECT | **INCORRECT**

EXAMPLE

Use capital letters when entering answers

A	B	C	D
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If You Are Assisting Someone Else With This Form

Answer the questions as if that person were completing the form. You must know that person's Social Security number and financial information. Also, complete Section B on page 6.

Completing Your Form

Please use the enclosed pre-addressed stamped envelope to return your completed and signed form to:

Social Security Administration
Wilkes-Barre Data Operations Center
P.O. Box 1080
Wilkes-Barre, PA 18767

The *Income and Resources Summary* sheet on the back of the enclosed letter will assist you in completing this form. **Do not include** the *Income and Resources Summary* sheet or any attachments when you return the form in the enclosed postage-paid envelope. If we need more information, such as statements from financial institutions, we will contact you.

If You Have Questions Or Need Help Completing This Form

You can call us toll-free at **1-800-772-1213**, or if you are deaf or hard of hearing, you may call our TTY number, **1-800-325-0778**.



Statement for Continuing Eligibility for Extra Help with Medicare Prescription Drug Plan Costs	FOR OFFICIAL USE ONLY
THIS DOES NOT ENROLL YOU IN THE MEDICARE PRESCRIPTION DRUG PROGRAM.	State Code: <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> WBD0C Exception: <input style="width: 40px; height: 20px;" type="text"/>

1. Name (Print each letter in a separate box.)

FIRST NAME	MI

LAST NAME	SUFFIX (Jr., Sr., etc.)

SOCIAL SECURITY NUMBER				DATE OF BIRTH			
				(MM - DD - YYYY)			

MEDICARE CLAIM NUMBER							
(This number is printed on your Medicare card)							

★ **EXAMPLE**

For January- September put a zero (0) in the first box. May 20, 1935 should read:

0	5	2	0	1	9	3	5
M	M	D	D	Y	Y	Y	Y

2. Spouse's Name (if you are married and living together)

FIRST NAME	MI

LAST NAME	SUFFIX (Jr., Sr., etc.)

SPOUSE'S SOCIAL SECURITY NUMBER				SPOUSE'S DATE OF BIRTH			
				(MM - DD - YYYY)			

SPOUSE'S MEDICARE CLAIM NUMBER							

3. If your marital status has **not changed or you already reported the change to us, go to question 4. If your marital status **has** changed and you did not report it to us, what is your current marital status?**

<input type="checkbox"/> Married (living together)	<input type="checkbox"/> Divorced/Widowed/Separated/Annulled
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4. If **all of the information on the *Income and Resources Summary* is correct, place an **X** in the red box and go to question 12 on page 5, sign and return this form.**

If **any** of the information on the *Income and Resources Summary* is **incorrect**, continue to question 5.



5. We need to know about **resources** that you, your spouse (if married and living together) or both of you have.

Instructions: Please look at the information we have about your resources on the *Income and Resources Summary* on the back of the enclosed letter.

If the information has **not** changed, place an **X** in the red box and go to question 6.

If the information **has** changed, fill in the new amount in the boxes below.

Type of Resource	The Correct Amount Is
Bank accounts (checking, savings and certificates of deposit)	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
Stocks, bonds, savings bonds, mutual funds, Individual Retirement Accounts or other similar investments	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
Cash	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
Cash value of life insurance	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
Value of real estate other than your home	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>

6. Do you expect to use money from any sources listed in question 5 to pay for funeral or burial expenses for yourself (or your spouse, if married and living together)?

YOU: YES NO

SPOUSE (if living together): YES NO

7. Your **household size** may affect the amount of help you can get. We need to know how many relatives live with you and your spouse (if married and living together) for whom you or your spouse provide at least one-half of their financial support. Relatives may include anyone related to you by blood, marriage or adoption.

Instructions: Please look at the information we have about your household size on the *Income and Resources Summary* on the back of the enclosed letter.

If the information has **not** changed, place an **X** in the red box and go to question 8.

If the number of these relatives **has** changed, how many relatives live with you now? Place an **X** in only one box below. If you live alone or only with your spouse check **NONE**.

NONE 1 2 3 4 5 6 7 8 9 or more



8. We need to know about **help with household expenses** that you, your spouse (if married and living together) or both of you receive. Help with household expenses is when anyone provides or helps you pay for any of the following: food, mortgage, rent, heating fuel or gas, electricity, water and property taxes. (It does not include food stamps, house repairs, help from a housing agency, an energy assistance program, Meals on Wheels or help with medical treatment and drugs.)

Instructions: Please look at the information we have about help you received with household expenses on the *Income and Resources Summary* on the back of the enclosed letter.

If the amount you receive is the **same** as the amount on the *Summary*, place an **X** in the red box.

If the amount you receive is **more** than the amount on the *Summary*, place an **X** in the red box.

If the amount you receive is **less** than the amount on the *Summary*, place an **X** in the red box.

9. We need to know about **income not from work** that you, your spouse (if married and living together) or both of you have from any of the sources listed below.

Instructions: Please look at the information we have about your income not from work on the *Income and Resources Summary* on the back of the enclosed letter.

If the information has **not** changed, place an **X** in the red box and go to question 10.

If the information **has** changed, fill in the new amount in the boxes below.

	The Correct Monthly Amount Is
Social Security benefits (before deductions)	\$ <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
Railroad Retirement benefits (before deductions)	\$ <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
Veteran's benefits (before deductions)	\$ <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
Other pensions or annuities (Do not include money you receive from any item listed in question 5.)	\$ <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
Other income	\$ <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>



10. We need to know about **annual earned income** from work that you, your spouse (if married and living together) or both of you have.

Instructions: Please look at the information we have about your earned income on the *Income and Resources Summary* on the back of the enclosed letter.

If the information has **not** changed, place an **X** in the red box and go to question 11.

If the information **has** changed, fill in the new amount in the boxes below.

Type of Earned Income		The Correct Annual Amount Is
Wages	You	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
	Your Spouse	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
Net earnings from self-employment	You	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
	Your Spouse	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
Net loss from self-employment	You	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>
	Your Spouse	\$ <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> . <input type="text"/> <input type="text"/>

11. Do you, your spouse (if married and living together) or both have to pay for things that enable you to work (also known as **disability or blind work expenses**)? We will count only a part of your earnings toward the income limit if you work and receive Social Security benefits based on a disability or blindness and you have work-related expenses for which you are not reimbursed. Examples of such expenses are: the costs of medical treatment and drugs for AIDS, cancer, depression or epilepsy; a wheelchair; personal attendant services; vehicle modifications, driver assistance or other special work-related transportation needs; work-related assistive technology; guide dog expenses; sensory and visual aids; and Braille translations.

YOU: YES NO SPOUSE (if living together): YES NO

12. If you or your spouse (if married and living together) work and plan to stop working, enter month and year. Otherwise sign the form on page 6 and return it to us.

EXAMPLE
 For January – September, put a zero (0) in the first box. May 2006 should read:

0	5	2	0	0	6
M	M	Y	Y	Y	Y

YOU: –
 M M Y Y Y Y

YOUR SPOUSE: –
 M M Y Y Y Y



Signatures

IMPORTANT INFORMATION - PLEASE READ CAREFULLY

I/We understand that the Social Security Administration (SSA) will check my/our statements and compare its records with records from Federal, State, and local government agencies, including the Internal Revenue Service (IRS) to make sure the determination is correct.

By submitting this application, I am/we are authorizing SSA to obtain and disclose information related to my/our income, resources, and assets, foreign and domestic, consistent with applicable privacy laws. This information may include, but is not limited to, information about my/our wages, account balances, investments, insurance policies, benefits, and pensions.

I/We declare under penalty of perjury that I/we have examined all the information on this form and it is true and correct to the best of my/our knowledge.

Please complete Section A. If you cannot sign, a representative may sign for you. If someone assisted you, complete Section B as well.

Section A

Your Signature:	Date:	Phone Number: () —
Spouse's Signature:	Date:	
Your Mailing Address:	Apt. #:	
City:	State:	Zip Code:

If you changed your mailing address within the last three months, place an **X** in the red box:

If you would prefer that we contact someone else if we have additional questions, please provide the person's name and a daytime phone number.

Print First Name:	Print Last Name:	Phone Number: () —
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Section B

If you are assisting someone else, place an **X** in the red box that describes who you are and provide your daytime phone number and address.

Family Member
 Attorney
 Other Advocate
 Other Specify: _____
 Friend
 Agency
 Social Worker

Print First Name:	Print Last Name:	Phone Number: () —
Address:	Apt. #:	
City:	State:	Zip Code:



Privacy Act / Paperwork Reduction Notice

Section 1860 D-14 of the *Social Security Act* authorizes the collection of information requested on this form. The information you provide will be used to enable the Social Security Administration (SSA) to determine if you continue to be eligible for help paying your share of the cost of a Medicare Prescription Drug Plan. You do not have to give us the information requested. However, failure to provide all or part of the information could prevent an accurate and timely decision on your continuing eligibility for benefits and could result in the loss of your extra help with Medicare Prescription Drug plan costs. We may provide information collected on this form to another Federal, State, or local government agency to assist us in determining your eligibility for the subsidy or if a Federal law requires the release of the information. We also may need to share the information with other SSA programs if SSA needs to determine your eligibility in those programs.

We may also use the information you give us when we match records by computer. Matching programs compare our records with those of other Federal, State, or local government agencies. Many agencies may use matching programs to find or prove that a person qualifies for benefits paid by the Federal government. The law allows us to do this even if you do not agree to it. Explanations about these and other reasons why information you provide us may be used or given out are available in Social Security offices. If you want to learn more about this, contact any Social Security office.

Paperwork Reduction Act Statement — This information collection meets the requirements of 44 U.S.C. § 3507, as amended by section 2 of the *Paperwork Reduction Act of 1995*. You do not need to answer these questions unless we display a valid Office of Management and Budget control number. We estimate that it will take about 20 minutes to read the instructions, gather the facts, and answer the questions. You may send comments on our time estimate above to: SSA, 6401 Security Blvd., Baltimore, MD 21235-6401. **Send only comments relating to our time estimate to this address, not the completed form.**

SEND THE COMPLETED FORM TO US AT THE ADDRESS SHOWN ON THE ENCLOSED PRE-ADDRESSED, POSTAGE-PAID ENVELOPE:

**Social Security Administration
Wilkes-Barre Data Operations Center
P.O. Box 1080
Wilkes-Barre, PA 18767**