



National Council on Aging

Benefits 101: The Part D Low Income Subsidy (LIS/Extra Help)

April 2018

What We'll Cover

- Why Part D LIS/Extra Help Matters
 - Benefits of the Program
- Overview of the LIS/Extra Help Program
 - Eligibility Rules
- How to Apply
- How You Can Help Your Clients
- Resources

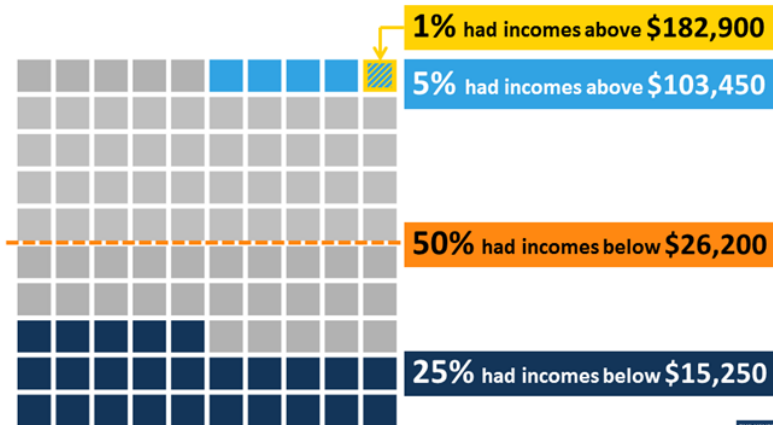


Why Extra Help Matters

- Costs of Medicare Part D drug plans can add up:
 - Part D plan premium, deductible, and prescription drug copayments/coinsurance
- Poverty among the Medicare population
 - Half of Medicare beneficiaries had incomes below \$26,200 in 2016 (Kaiser Family Foundation)
 - As more people age into Medicare, population who may qualify for LIS continues to grow
- Average annual value of LIS is \$4,000

Figure 1

Half of all Medicare beneficiaries had incomes below \$26,200 per person in 2016



SOURCE: Urban Institute / Kaiser Family Foundation analysis of DYNAMIM data, 2017.



Benefits of Extra Help

- Provides access to prescription drug coverage
- Protects people from the Part D Coverage Gap (“donut hole”)
- Waives late enrollment penalty for Part D
- Allows continuous Special Enrollment Period (SEP):
 - Can change plans as often as every month (though not recommended)
 - Don’t have to wait until the next Open Enrollment Period (Oct. 15 – Dec. 7) to change plans
- Application can trigger application for Medicare Savings Programs (i.e., QMB, SLMB, and QI)
 - Note: If working directly with client, may still want to complete separate MSP application, to expedite MSP award process

Who are the Key Federal Players?

- Social Security Administration (SSA) and Centers for Medicare & Medicaid Services (CMS) work together to administer and educate the public about LIS/Extra Help
- SSA handles application and eligibility determination, also:
 - Provides application
 - Makes eligibility decision
- CMS administers the program, also:
 - Handles Part D plan assignment for those eligible
 - Coordinates subsidies to Part D plans for eligible enrollees

General Eligibility Rules

- Person must have Medicare Part A and/or Part B
- Live within the U.S. (50 states or D.C.)
- Also, most people must meet financial eligibility criteria:
 - Income test based on the annual Federal Poverty Levels (FPLs)
 - Resource (also called “asset”) test
- Some people are “deemed” eligible (automatically get LIS) because they receive another needs-based benefit:
 - People who get any kind of Medicaid (community or institutional), Supplemental Security Income (SSI), or are enrolled in a Medicare Savings Program (i.e., QMB, SLMB, QI)
 - These 3 groups do not need to apply for LIS
- Once found eligible, everyone gets LIS for *at least* the remainder of year

Two Levels of Extra Help

- Two levels of help:
 - Full Help (full subsidy) - for those with lower incomes/fewer resources
 - Partial Help (partial subsidy) - for those with slightly higher incomes/resources
- Both full and partial subsidies eliminate the Part D coverage gap
- No late enrollment penalty premium for anyone with LIS/Extra Help



Full Subsidy Extra Help

- Those who qualify for Full Extra Help pay (in 2018):
 - No Part D plan premium -- as long enrolled in a “benchmark” plan (i.e., a plan below the LIS premium amount)
 - No Part D deductible
 - Copays up to \$3.35 generic/\$8.35 brand-name drugs (certain people with income below 100% FPL pay \$1.25 generic/\$3.70 brand-name drugs)
 - No copays after reaching \$5,000 limit

Full Subsidy Extra Help in 2018

| Eligibility in 48 States & DC | | |
|----------------------------------|-----------------|-------------------|
| | Single | Couple |
| Monthly income (up to 135% FPL)* | \$1,366/\$1,386 | \$1,852/\$1,872 |
| Resource levels** | \$7,560/\$9,060 | \$11,340/\$14,340 |
| Eligibility in Alaska | | |
| Monthly income (up to 135% FPL)* | \$1,708/\$1,728 | \$2,315/\$2,335 |
| Resource levels** | \$7,560/\$9,060 | \$11,340/\$14,340 |
| Eligibility in Hawaii | | |
| Monthly income (up to 135% FPL)* | \$1,571/\$1,591 | \$2,130/\$2,150 |
| Resource levels** | \$7,560/\$9,060 | \$11,340/\$14,340 |

* Figures reflect without/with \$20 monthly income disregard

** Figures reflect without/with \$1,500 per person burial allowance

Partial Subsidy Extra Help

- Those who qualify for Partial Extra Help pay (in 2018):
 - No premium or a sliding scale premium (based on income)
 - \$83 deductible
 - 15% coinsurance for plan covered drugs
 - Copays of \$3.35 generic/\$8.35 brand-name drugs after reaching \$5,000 limit



Partial Subsidy Extra Help in 2018

| Eligibility in 48 States & DC | | |
|--|-------------------|-------------------|
| | Single | Couple |
| Monthly income (up to 150% FPL)* | \$1,518/\$1,538 | \$2,058/\$2,078 |
| Resource levels** | \$12,600/\$14,100 | \$25,150/\$28,150 |
| Eligibility in Alaska | | |
| Monthly income (up to 150% FPL)* | \$1,898/\$1,918 | \$2,573/\$2,593 |
| Resource levels** | \$12,600/\$14,100 | \$25,150/\$28,150 |
| Eligibility in Hawaii | | |
| Monthly income (up to 150% FPL)* | \$1,745/\$1,765 | \$2,366/\$2,386 |
| Resource levels** | \$12,600/\$14,100 | \$25,150/\$28,150 |

* Figures reflect without/with \$20 monthly income disregard

** Figures reflect without/with \$1,500 per person burial allowance

Income Test

- Countable income includes:
 - Social Security benefits (e.g., retirement, SSI), Railroad Retirement benefits
 - Pensions or annuities, including veteran's pensions
 - Wages (gross) or earnings from self-employment (net)
 - Alimony
 - Rental income (net)
- Excluded income includes:
 - SNAP (Food Stamps) and LIHEAP (fuel assistance) benefits
 - \$20 monthly in unearned income, such as Social Security
 - Work-related expenses for people who get Social Security benefits for a disability or blindness
- Get full breakdown at: <https://www.ncoa.org/resources/part-d-extra-help-cheat-sheet/>

Resource Test

- **Countable resources include:**
 - Financial institution accounts (e.g., checking, savings, CDs)
 - Cash at home
 - Stocks, bonds, savings bonds, mutual funds, individual retirement accounts (IRAs), and 401(k) accounts
 - Real estate (equity value) other than primary home
 - Certain trusts that allow a person to revoke or have direct use of funds
- **Excluded resources include:**
 - Home in which the applicant lives
 - All vehicles (autos, trucks, motorcycles, boats, snowmobiles, etc.)
 - Household goods/furnishings, and personal effects (e.g., jewelry)
 - Cash surrender value of life insurance policies
 - In-kind support (e.g., non-cash help such as shelter)
 - Irrevocable burial trusts/burial contracts

Two Ways to Apply for Extra Help

- Online:
 - Either through Social Security's website at www.ssa.gov or through www.BenefitsCheckUp.org (find link under Resources tab)
 - Online application available in English and Spanish
 - SSA accepts electronic signature to complete the application
- Paper form:
 - Obtain a paper form from SSA (either by mail or get from Social Security office)
- SSA will make a determination (usually within 3 weeks of a completed application) and send applicant decision letter

Tips to Apply for Extra Help

- Online is usually easier and faster!
- No verifying documents needed -- SSA will use federal records to verify answers
- If paper form is incomplete, SSA will follow up via phone with applicant
- Online application cannot be submitted until complete
- Instruction sheets in 15 languages on SSA's site
- **IMPORTANT:** People who are deemed eligible for LIS (those with Medicaid, SSI, or enrolled in a MSP) do NOT need to apply for LIS; they automatically get LIS. They get a letter from CMS letting them know this.

Tips to Apply for Extra Help (cont.)

- Can start the application process for Medicare Savings Programs (i.e., QMB, SLMB, and QI)
 - SSA sends “leads” data to the state Medicaid office from the LIS application
 - Some Medicaid programs require clients to answer additional questions
 - May want to complete a separate MSP application to speed up the process*
 - Not all clients who qualify for LIS will qualify for MSP

*See our fact sheet on why simultaneous submission is important:
<https://www.ncoa.org/wp-content/uploads/simultaneous-lis-and-msp.pdf>

My Client Qualifies—Now What?

- Automatic Enrollment
 - If an LIS/Extra Help awardee does not pick a Part D Plan, then Medicare will facilitate enrollment, also called auto-enrollment
 - Should receive notice about auto-enrollment by end of month in which LIS is awarded
 - Have until the end of the following month to opt out or choose a plan
 - Auto-enrollment is based on paying \$0 premium and is randomly selected. Beneficiary medications aren't considered in auto-enrollment so the plan may not cover all their medications.
 - Can call SSA and opt out

My Client Qualifies—Now What? (cont.)

- Allows for a continuous Special Enrollment Period (SEP)
 - Can change plans as often as every month (though not recommended) as needs change (new medications, etc.)
 - Don't have to wait until the Open Enrollment Period to change plans



My Client Qualifies—Now What? (cont.)

- Limited Income Newly Eligible Transition (LI NET) administered by Humana
 - For those awarded LIS/Extra Help but not yet enrolled in a Part D plan
 - Point-of-sale (immediate) enrollment with proof of eligibility but must show the pharmacy Medicaid award letter/SSA award letter/Medicare card and the pharmacy will verify eligibility with LI NET
 - For more details, visit:
<https://www.humana.com/pharmacy/pharmacists/linet>

Ways to Help Your Clients

- **Share resources:** Use online resources to guide/assist your clients applying for LIS:
 - www.BenefitsCheckUp.org or www.SSA.gov (to apply for LIS online)
 - Medicare Plan Finder on www.Medicare.gov (to review plan selections)
- **Review mailings:** Help your clients sort through/understand various mailings they get from SSA, Medicare, and their current plan
- **Review options:** Help remind your clients with LIS that they can change plans or select one on their own
- **Person-centered approach:** Connect your clients with LIS — and other benefits (e.g., SNAP, LIHEAP, Medicare Savings Programs)

Additional Resources

- Social Security's LIS resources, including their online application at: <http://www.socialsecurity.gov/extrahelp>
- SSA's electronic fact sheet that explains LIS and how to apply at: <http://www.ssa.gov/pubs/10525.html>
- Social Security's (Program Operations Manual System) for rules on the LIS program at: <http://policy.ssa.gov/poms.nsf/lnx/0603000000>
- CMS webpage for resources related to LIS at: <https://www.cms.gov/limitedincomeandresources/>

Additional Resources (cont.)

- Detailed eligibility & coverage chart:
<https://www.ncoa.org/resources/part-d-lisextra-help-eligibility-and-coverage-chart/>
- NCOA's benefits screening and enrollment service, which includes an online LIS application at:
<https://www.BenefitsCheckUp.org>
- Center for Benefits *Guide to Mailings & Key Events* at:
<https://www.ncoa.org/wp-content/uploads/AEP-Guide-to-Mailings-and-Key-Events.pdf>
- NCOA's resource page on LIS, includes eligibility chart, PSA, and more: <https://www.ncoa.org/economic-security/benefits/prescriptions/lis-extrahelp/>

Thank You!

- Thank you for participating in the Benefits 101 Series from the Center for Benefits Access at NCOA
- Learn more about us at:
www.ncoa.org/centerforbenefits
- Find other Benefits 101 resources at: www.ncoa.org/resources (search for Benefits 101)
- If you have any questions or comments, please contact us at centerforbenefits@ncoa.org