

Getting the Extra Help with Medicare Prescription Drug Plan Costs Available to Low-Income Beneficiaries

1. Who Can Get the Extra Help Available to Low-Income Medicare Beneficiaries?

Individuals can receive extra help in the form of subsidies from the federal government to pay for the costs associated with the Medicare prescription drug benefit *if* they are:

- Are on Medicare Part A and/or Part B;
(*Hint: Look at the person's Medicare card to check for effective dates of enrollment to Parts A and/or B.*)
- Are enrolled in a private Medicare Prescription Drug Plan; and
- Meet the income and resource requirements. (See HAP's chart *Medicare Part D: Help for Low-Income Beneficiaries.*)

2. Which Low-Income Beneficiaries Do *Not* Need to Apply For the Extra Help Because They Are "Deemed Eligible" and Who *Must* Apply for the Extra Help?

People who are "deemed-eligible" for the extra help and do *not* need to apply are:

- Full Duals: People who have full Medicaid AND Medicare. This group includes:
 - Medicare beneficiaries who are on full Medicaid.
 - Medicare beneficiaries enrolled in a Medicaid home and community-based services (HCBS) waiver program (and who receive full Medicaid benefits as well as waiver services).
 - Medicare beneficiaries who get onto full Medicaid by "spending-down" their surplus income.
- Partial Duals: Medicare Savings Program (MSP) enrollees. This group includes:
 - Qualified Medicare Beneficiaries (QMB),
 - Specified Low-Income Beneficiaries (SLMB), and
 - Qualifying Individuals (QI or QI-1).

Medicare beneficiaries who **MUST** apply for the extra help:

- Individuals who must apply are those not listed above and who have:
 - income under 150 percent of the Federal Poverty Level or FPL (\$1,197 per month for a single person or \$1,604 per month for a married couple¹), *and*
 - resources (assets) at or below \$10,000 for a single person or at or below \$20,000 for a married couple.²

Tip: Generally, those who need to apply for the extra help will have incomes above 135 percent of the FPL because those with incomes of 135 percent or less of the FPL are usually eligible for the QMB, SLMB or QI programs *IF* their resources are no more than \$4,000 for an individual (or no more than \$6,000 for a married couple). QMB, SLMB, and QI recipients will be deemed-eligible for the extra help and do *not* need to apply.

3. How Do Low-Income Beneficiaries Get the Extra Help?

Full and partial dual-eligibles do not need to apply.

- They will receive a letter from CMS in early June 2005 notifying them that they are deemed eligible for the subsidies. These letters will be mailed to deemed-eligible people on June 10, 2005.

Other low-income Medicare beneficiaries must complete an application to determine if they are in fact eligible for the extra help.

- The Social Security Administration (SSA) has designed an application form (SSA Form 1020). Starting on July 1, 2005, beneficiaries can use this form and can apply on-line by completing the standard form available at www.ssa.gov.
- From May 27, 2005 through August 16, 2005, the SSA will mail the application form to around 19 million Medicare beneficiaries nationwide whom the SSA believes may qualify for the subsidies.

4. What Are the Important Factors About the Application Process that Low-Income Beneficiaries Should Understand Before Submitting Their Applications?

Low-income Medicare beneficiaries who are *not* deemed eligible for the subsidies can choose to submit their applications to either:

- the Social Security Administration, or
- the state Medicaid agency.

There are several important factors that low-income beneficiaries should understand before deciding to submit an application.

- **Will the SSA and the state Medicaid agency use the same application form?**
 - The Social Security Administration has developed a standard form that beneficiaries can submit to the SSA by mail or in person after they have received the form in the mail, but determinations do not begin until July 1, 2005. Starting on July 1, 2005, beneficiaries can also apply by phone or on-line by completing the standard form available through the SSA's Web site (www.ssa.gov).
 - The state Medicaid Agency may use the Social Security form, or may use a special form developed for the purpose of low-income subsidy applications.
 - The state Medicaid Agency may use the *same* form to determine eligibility *and* Medicare Savings Program eligibility, or it might use different forms.
- **Will documentation to verify eligibility be required?**
 - The Social Security Administration will verify elements of eligibility (i.e., income, resources, residency, and Medicare entitlement) by comparing the information on the application form to Social Security records and records maintained by other federal agencies, such as the IRS and CMS. SSA will ask applicants to submit proof, such as banking statements, only if there are discrepancies between the information on the application and the government records, or if applicants report ownership of non-home real property.
 - The state Medicaid Agency can develop its own rules about verifying elements of eligibility, and can require submission of documentation to prove the elements of subsidy eligibility.
- **What about screening for QMB, SLMB and QI eligibility?**
 - The Social Security Administration is working with CMS to design a system to screen Part D low-income subsidy applicants at the SSA for eligibility for the QMB, SLMB and QI programs.
 - The state Medicaid Agency is *required* to screen Part D low-income subsidy applicants for eligibility for the QMB, SLMB, and QI programs.
 - Remember that QMBs, SLMBs, and QIs are deemed eligible for the low-income subsidies and do not need to apply. The amount of subsidies available to these individuals is dependent upon their income and resources. (See HAP's chart "*Medicare Part D: Help for Low-Income Beneficiaries.*").

5. How Long Will It Take to Process an Application?

- Neither the Social Security Administration nor state Medicaid agencies are *required* to process applications and notify applicants about subsidy determinations in any particular amount of time.
- The Social Security Administration states only that applications remain “in effect” until a decision is reached regarding subsidy eligibility and has further indicated that it expects routine processing time to be 2-3 weeks.
- The state Medicaid Agency can develop rules and timeframes for processing the Part D low-income subsidy applications but is expected by CMS to reach decisions on subsidy applications generally within the same timeframes used to process Medicaid applications (usually 45 days).

In no event will Part D low-income subsidies go into effect earlier than January 1, 2006.

6. What Rights Does a Person Have If a Subsidy Application is Denied?

The SSA and the state Medicaid Agency have appeals processes that will be used if low-income beneficiaries disagree with a decision to deny, reduce, or discontinue the extra help.

- Individuals whose applications are processed by the *Social Security Administration* must go through the Social Security process if they want to try to get the determination reversed. This includes applications that the state Medicaid Agency accepts but forwards to the *Social Security Administration* for processing.
 - The applicant receives a written notice in the mail from the SSA explaining that the application has been denied. The letter must also specify the reasons for the denial. This is called an *Initial Determination*.
 - If the applicant disagrees with the decision, s/he can contest it by asking for *Administrative Review*.
 - The request for *Administrative Review* must be made within 60 days after the applicant receives the *Initial Determination*.
 - The request for *Administrative Review* may be made by the applicant *in person, by telephone, fax, or mail to any SSA office*. The request can be made by the *person whose application was denied* or by *another person* who is authorized to act on behalf of the person, by another person who is acting responsibly on behalf of the person, or by another person who was designated by the person to be his or her representative on the application for the subsidy.

- *Administrative Review* is conducted by a telephone hearing unless the applicant does not want such a hearing, in which case a SSA employee who did not participate in the original denial will review the case records. The applicant can look at the case file before the hearing or record review.
- Social Security is not required to decide on the applicant's *Administrative Review* within any specific timeframe.
- If the applicant loses the *Administrative Review*, an appeal may be filed in *Federal Court*. It is generally advisable, although by no means required, to have a lawyer represent an individual who files a case in federal court.
- Individuals who filed through the state Medicaid Agency must go through the state Medicaid process if they want to try to get the determination reversed.

Sources:

“Final Rule; *Medicare Program; Medicare Prescription Drug Benefit*,” *70 Federal Register* 4193, January 28, 2005. Preamble on applications to the state Medicaid agencies: pp. 4417-4438. Regulation on applications to the state Medicaid agencies: pp. 4582-4585

“Proposed Rule; *Social Security Administration; Medicare Part D Subsidies*,” *70 Federal Register* 10558, March 4, 2005. Preamble on applications to the SSA: pp. 10559-10563. Regulation on applications to the SSA: pp. 10564-10572

“Guidance to States on the Low Income Subsidy”, Centers for Medicare and Medicaid Services, May 25, 2005.

“Clarification on LIS Application Forms”, Centers for Medicare and Medicaid Services, June 6, 2005.

¹ These monthly income amounts do NOT include any applicable earned income disregards nor the \$20 unearned income disregard and are applicable until March 2006. Resource amounts do not include \$1,500 (\$3,000 for a couple) designated for burial.

² For more information about the specific sources of income and resources that are counted in determining eligibility, see HAP's "Checklist of Common Sources of Countable Income and Resources."