

# Part D Information for State Policymakers

November 25, 2009

## **“Benchmark” Part D Plans and the Low Income Subsidy**

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### ***“Extra Help” - the Low Income Subsidy***

Nearly 10 million Medicare Part D beneficiaries are enrolled in “Extra Help,” or the low-income subsidy. The low-income subsidy covers almost all prescription drug costs and provides assistance with Part D plan premiums for eligible beneficiaries. The Centers for Medicare & Medicaid Services (CMS) encourages beneficiaries to apply for the low-income subsidy, which in 2010 is estimated to provide an average benefit of \$1,725 at the pharmacy and as much as \$316 in annual premiums.

### ***The Low-Income Premium Subsidy Amounts***

In August, CMS announced the 2010 low-income premium subsidy amounts for each region. A Part D prescription drug plan (PDP) qualifies as a “benchmark plan” if it offers basic Part D coverage with premiums equal to or lower than the regional low-income premium subsidy amount. The low-income premium subsidy amount does not cover the enhanced premium. The regional low-income premium subsidy amounts are calculated annually. The Federal government pays up to 100 percent of the Part D premium for LIS beneficiaries who are in plans with premiums at or below the regional low-income premium subsidy amount.

Low-income beneficiaries who are eligible for the full premium subsidy may enroll in a benchmark plan without paying any premium. CMS allows beneficiaries with the full premium subsidy to enroll in or remain enrolled in basic coverage plans with premiums up to or equal to the regional low-income premium subsidy amount in 2010 without having to pay the additional premium amount. Only basic coverage plans with premiums at or below the regional low-income premium subsidy amount are eligible to receive automatic enrollment of low-income subsidy recipients by CMS. A link to information about the 2010 regional low-income premium subsidy amounts can be found below.

### ***2010 Array of Plans***

In every state, beneficiaries will have access to at least one prescription drug plan with a premium of less than \$24 a month. The lowest premiums for plans will range from about \$9 in Oregon and Washington to about \$24 in Alaska. A link to the full landscape of Part D plans is found below.

### ***Plan Re-assignment***

In order to ensure that beneficiaries do not face new costs in 2010, this fall CMS re-assigned certain low-income beneficiaries with the full premium subsidy to new Medicare prescription drug plans, effective January 1, 2010. In general, CMS re-assigned LIS beneficiaries with the full premium subsidy, who were previously auto or facilitated enrolled into a plan whose

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premium in 2010 is increasing above the regional low-income premium subsidy amount. These individuals were randomly re-assigned to plans in their region with a premium at or below the regional low-income premium subsidy amount.

- If the plan sponsor offering a person's current drug plan offers another plan in the region that has a premium at or below the regional low-income premium subsidy amount, Medicare re-assigned the person to that plan.
- If the plan sponsor offering a person's current drug plan doesn't offer another plan in the region that has a premium at or below the regional low-income premium subsidy amount, Medicare randomly re-assigned the person to another plan in the region that has a premium at or below the regional low-income premium subsidy amount.
- Medicare does not enroll people into PDPs that are sponsored by employers or that have enhanced benefit packages. Medicare also does not enroll beneficiaries who live in the territories.

## ***Online Resources***

Information about the 2010 regional low-income premium subsidy amounts, including a link to the actual amounts, can be found at:

<http://www.cms.hhs.gov/MedicareAdvtgSpecRateStats/Downloads/PartDandMABenchmark2010.pdf>

The 2010 Part D plan landscape can be found at:

<http://www.cms.hhs.gov/PrescriptionDrugCovGenIn/>