

Re-assignment of Beneficiaries Who Have the Low Income Subsidy

Overview

In the fall of 2009, CMS re-assigned certain low-income beneficiaries with full premium subsidy to new Medicare Prescription Drug Plans (PDPs), effective January 1, 2010. Re-assignments took place for certain individuals who are currently in a plan that, in 2010, will no longer have premiums at or below the regional low-income subsidy (LIS) amount, resulting in a premium liability for the beneficiary. CMS also re-assigned LIS beneficiaries enrolled in PDPs and Medicare Advantage plans that are terminating (leaving the Medicare system).

Re-assignment of LIS Beneficiaries Due to Premium Increases

In general, CMS re-assigned LIS beneficiaries with full premium subsidy, who were auto or facilitated enrolled into a PDP¹ whose premium in 2010 no longer falls within the premium subsidy limit. These individuals were randomly re-assigned to plans in their region with a premium at or below the regional premium subsidy amount.

- If the company (sponsor organization) offering a person's current drug plan offers another drug plan in the region that has a premium at or below the regional low-income premium subsidy amount for 2010, Medicare reassigned the person to that plan for 2010.
- If the company (sponsor organization) offering a person's current drug plan **doesn't** offer another drug plan in the region that has a premium at or below the regional low-income premium subsidy amount for 2010, Medicare randomly reassigned the person to another plan in the region that has a premium at or below the regional low-income premium subsidy amount for 2010.
- Remember, 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.

People Who Were Not Re-assigned

- Re-assignments due to premium changes are limited to LIS beneficiaries who are currently enrolled in the PDP into which CMS originally enrolled them and they receive 100% premium subsidy. Thus, if the beneficiary subsequently elected a different drug plan, he or she becomes known as a "chooser", CMS respects that choice and does not reassign the individual even if the premium is increasing for that plan above the regional low-income premium subsidy amount for 2010. Individuals were notified by CMS on tan paper. The letter informed each beneficiary of their new premium amount and that CMS would not move them. This letter also provided beneficiaries with a listing of \$0 premium plans in their region in which they can enroll. In

¹ A prescription drug plan (PDP) is an organization that provides prescription drugs as determined by its plan benefit package (PBP). A sponsor organization is an entity that sponsors a prescription drug plan and is represented at the contract number level. A parent organization is an umbrella organization that owns one or more sponsor organizations.

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addition, they received their current plan's Annual Notice of Change document with the new premium liability amount.

- Beneficiaries who were enrolled in a plan by authorized representatives, such as State Pharmaceutical Assistance Programs (SPAPs), were not re-assigned because the actions of authorized representatives are treated as beneficiary elections.
- Beneficiaries who are losing their LIS status for 2010 will not be re-assigned. CMS notifies beneficiaries that they no longer automatically qualify for the LIS.

Notification to Beneficiaries

Medicare mailed re-assignment and chooser notices to beneficiaries in early November on blue and tan papers, respectively.

The notices provided beneficiaries with the name of their current plan, their premium liability if they stay there, the plan to which they were re-assigned (not applicable for "choosers"), how to stay in their current PDP, and how to join a new plan. The notices also included a list of plans in the region with premiums at or below the regional low-income premium subsidy amount and the plan telephone numbers.

If people who received the blue re-assignment notice do nothing (i.e.,—people don't tell their current plan that they want to stay or join a new plan on their own by December 31, 2009), coverage in their new plan will begin effective January 1, 2010. If people who received the tan chooser notice do nothing, coverage in their current plan will remain effective January 1, 2010.

Early Enrollment is Key

We urge you to encourage people to explore their options no later than December 10th. If beneficiaries want to switch plans on their own, they should do so as early as possible during the open enrollment period so their new Medicare drug plan has time to mail a membership card, acknowledgement letter, and welcome package before the new coverage becomes effective on January 1, 2010. This way, even if they go to the pharmacy on the first day their new coverage begins, they can get their prescriptions filled without delay.

Key Dates

Key dates surrounding enrollment are outlined below:

- **Mid-October:** CMS sends plans and states the list of beneficiaries to be reassigned.
- **End of October - mid-November:** CMS sends notice to LIS beneficiaries who need reassignment and who are choosers.
- **November 15:** Annual open enrollment period begins, during which beneficiaries may change from the plan into which they've been re-assigned or may enroll in a different plan than the plan they may have chosen for the current year.
- **December 10:** Date by which all beneficiaries and authorized representatives who wish to change plans for 2010 should select their new plan to ensure that their plan application has been processed and they have their new plan card by January 1, 2010.

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- **December 31, 2009:** The official end date of the annual open enrollment period and last day for beneficiaries to change plans. It is important to remember that enrollments require time to process through CMS and plan systems, so enrollments made late in December may not yet be in place in pharmacy systems on January 1, 2010.
- **January 1, 2010:** Effective date of all 2010 enrollments and plan re-assignments for LIS beneficiaries who need re-assignment.