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Date: February 5, 2008

To: Part D Plan Sponsors

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Subject: Methodology for Using Various CMS Low Income Subsidy (LIS) Data Sources

The accurate and timely flow of LIS data from CMS to Part D sponsors is critical in ensuring that Part D sponsors charge LIS beneficiaries the correct premium, deductible, and copayment for the correct periods of time. The purpose of this memo is to provide direction on the use of various data sources provided by CMS, as well as on the hierarchy of LIS data CMS currently transmits or makes available to assist Part D sponsors as well as on the proper use of the various data sources. In addition, it describes the first steps of a longer-term approach to improving data-sharing around LIS eligibility information.

Hierarchy of Data for Current/Future Enrollees

For purposes of establishing the correct premium, copayment and deductible levels with the correct effective dates for current enrollees (including those with a future enrollment effective date in the plan), CMS recommends using the hierarchy of Part D data sources below. Key data elements are identified in Attachment 1. For additional details and technical specifications on these data sources, please consult the Plan Communications User Guide (PCUG).

Step	Notes
1 – Each day, load LIS data received on the Batch Completion Status Summary Data File (BCSS)	<ul style="list-style-type: none">• This file is produced only in response to plan-submitted enrollment transactions (i.e., not for CMS-generated auto/facilitated enrollments or reassignments)• The report contains the LIS data as of the effective date of an accepted transaction (field #16 under “Accepted Records” layout)• Please see PCUG Record Layout E-16

Step	Notes
<p>2 – Each week, load LIS data reported on Weekly Transaction Reply Report (TRR)</p>	<ul style="list-style-type: none"> • Copayment and premium subsidy levels reflect the values for the Current Payment Month (CPM) • Look at enrollment acceptance Transaction Reply Codes (TRCs) for initial LIS values for new enrollments • Look for TRCs 121, 167 and 168 for LIS updates to existing enrollments • For more information on interpreting LIS-related TRCs, please consult FAQ #513 issued April 9, 2007 (see Attachment 2) • Limitations in the TRCs may necessitate supplemental queries (see Step 3) • Please see PCUG Record Layout E-15
<p>3 – As needed, query CMS systems to supplement BCSS and TRR</p>	<ul style="list-style-type: none"> • Batch Eligibility Query (BEQ) <ul style="list-style-type: none"> ○ Can be used to identify the start and end dates for all occurrences of LIS premium and co-payment levels • Common User Interface (Common UI), Screen M323 <ul style="list-style-type: none"> ○ If a date is entered, only data for that date are shown ○ If no date is entered, then past, present, and known future LIS periods are shown • Please see PCUG record layout E.25 (BEQ) and Section 4 (Common UI)
<p>4 – At month end, reconcile to LIS History Report (LISHIST)</p>	<ul style="list-style-type: none"> • This is the most definitive source of LIS eligibility data <ul style="list-style-type: none"> ○ Because it is only monthly, Part D sponsors cannot rely solely on this report to update their systems • Please note the following limitations: <ul style="list-style-type: none"> ○ Does not provide data if there is a previous, non-contiguous period of enrollment in that plan. ○ If LIS eligibility is cancelled (i.e., removed in its entirety), the individual will no longer appear on the LIS history report. ○ If there is a Low Income Period with a value that is superseded by a new value, the old occurrence is audited off and will no longer appear on the LIS history report. • Please see PCUG Record Layout E-20
<p>5 – On an on-going basis, update copayment levels and/or effective dates based on Best Available Evidence (BAE)</p>	<ul style="list-style-type: none"> • When beneficiaries (or individual on their behalf) present evidence of dual eligible or LIS status, update plan systems pending CMS data update. • Please see HPMS memo of 6/27/07 for details on the BAE process.

In addition to using data in the regularly issued reports above, in December of each year, Part D sponsors should consult the one-time Loss of Subsidy File. This file reports those who have lost their deemed status for the following calendar year. The TRC used for this special file type is TRC-996, and the record layout is E.18 in the PCUG.

Hierarchy of Data for Previous Enrollees

If a previous enrollee notifies a Part D Sponsor of a change in LIS levels effective for periods of enrollment in that sponsor, please use the BEQ mechanism described in Step 3 above to determine if a previous enrollee has changes to his/her LIS benefit levels, or follow the Best Available Evidence described in Step 5 above. The Common UI only displays current month information if a beneficiary is not a current enrollee of the Part D plan. The TRR and the LIS History Report will not report or display LIS data to a Part D sponsor if an individual is no longer enrolled in that sponsor's plan.

Future Improvements to LIS Eligibility Information Provided to Plans

CMS is committed to improving the flow of LIS eligibility data to plans. As announced on the December 12, 2007 Part D User Group Call, CMS is implementing the first steps of a longer-term approach to improving data sharing around LIS eligibility information. Beginning in April 2008, we will issue a Weekly LIS Activity History report that will provide more timely access to this information, and include data about changes in LIS status that affect enrollment periods in a previous plan. Additional details are provided in the January 28, 2008 memo entitled, "Announcement of Spring Software Release."

Questions

If you have additional questions about the various files or data sources, please contact the MMA Help Desk at MMAHelp@cms.hhs.gov or call 1-800-927-8069.

If you have policy questions about LIS eligibility, please contact Kay Pokrzywa at (410) 786-5530 or Katherine.Pokrzywa@cms.hhs.gov.

Attachment 1 -- Key Data Elements for LIS Eligibility

Data Element	Definition	Valid Values
LIS Premium Subsidy Percentage	The percentage of the Part D premium (up to the region's LIS premium subsidy amount) that Medicare pays on behalf of the beneficiary	25%, 50%, 75%, or 100%
LIS premium effective start date and end date	The dates the LIS premium subsidy became effective or ended	YYYYMMDD Always the first of the month
LIS Co-payment level	The maximum beneficiary liability per covered prescription	1 = \$2.15/\$5.35 in 2007 \$2.25/\$5.60 in 2008 2 = \$1/3.10 in 2007 \$1.05/\$3.10 in 2008 3 = \$0 4 = 15%
LIS Co-payment effective date	The date the co-payment level became effective.	YYYYMMDD Always the first of the month
Deductible	The dollar amount that is the beneficiary's responsibility before copayment benefits start	While no data are transmitted specifically identifying the deductible level, this can be imputed from the copayment level: IF copayment level = 1, 2, or 3 THEN deductible = \$0 IF copayment level = 4 THEN maximum allowable deductible = \$53 in 2007 \$56 in 2008

Attachment 2 – FAQ #513

Medicare Modernization Act (MMA) Customer Support for Medicare Modernization (CSMM) Help Desk Frequently Asked Questions (FAQ) for Low Income Subsidy #513

The MMAHelp Desk publishes the FAQs as an additional resource for you. The questions are collected from various sources and reflect the topics referred to CMS as presenting difficulties for multiple Plans. This particular FAQ sheet is dedicated to Low Income Subsidy (LIS) questions.

The FAQ sheets are intended to alert you to new and updated FAQs; however, you should always refer to the Q&A Database on the CMS website for the most up-to-date information.

FAQs:

1. [What are the definitions of the Low Income Subsidy \(LIS\) update Transaction Reply Codes \(TRC\) 121, 167 and 168?](#)
2. [What combinations of Low Income Subsidy \(LIS\) Transaction Reply Codes \(TRCs\) 121, 167 & 168 might occur in the Transaction Reply Report \(TRR\) Data File?](#)
3. [Why are some beneficiaries who are reported to have Low Income Subsidy \(LIS\) on the Plan's Transaction Reply Report Data File \(TRR\) omitted from the next Biweekly LIS file?](#)
4. [Where is the Low Income Subsidy \(LIS\) "subsidy end date" located on the TRR?](#)
5. [What fields on which files contain Low Income Subsidy \(LIS\) data?](#)

1. What are the definitions of the Low Income Subsidy (LIS) update Transaction Reply Codes (TRCs) 121, 167 and 168?

Plans are notified when any aspect of a beneficiary's low income subsidy (LIS) status changes. The changes can include:

- The beneficiary becomes newly eligible for LIS as a result of CMS deeming them eligible for LIS or the beneficiary applies with the Social Security Administration (SSA) or a state Medicaid agency, and is determined to be eligible for LIS, which provides a premium and cost-sharing subsidy.
- The beneficiary loses his or her LIS eligibility.
- The beneficiary has a change within the low-income premium subsidy.
- The beneficiary has a change within the low-income cost-sharing level.

Three Transaction Reply Codes (TRCs) are used to report these changes to the plans. These include:

TRC 121 – This is reported under certain circumstances further described below when the start or end date of a beneficiary's premium subsidy or cost-sharing level changes.

TRC 167 – This is reported when a beneficiary’s low-income premium subsidy changes. This will occur when a beneficiary becomes newly eligible for a premium subsidy or experiences a change within his/her premium subsidy level. The effective date for the change is included in the effective date field.

TRC 168 – This is reported when the beneficiary’s low-income cost-sharing level changes. This will occur when a member becomes newly eligible for low-income cost-sharing or experiences a change within his/her cost-sharing level. The effective date for the co-pay change is included in the effective date field.

2. What combinations of Low Income Subsidy (LIS) Transaction Reply Codes (TRCs) 121, 167 & 168 might occur in the Transaction Reply Report (TRR) Data File?

Each of the LIS TRCs may occur individually but they often occur in combination with each other. The following combinations of LIS TRC codes and the scenarios they represent may be seen in the Plan’s TRR Data File.

Scenario	TRC Combination	How to Interpret Information in TRC
<p>1) A beneficiary becomes newly deemed eligible for LIS.</p>	<p>TRC 167 - <i>Change in Beneficiary Low Income Premium Subsidy</i></p> <p>PLUS ...</p> <p>TRC 168 - <i>Change in Beneficiary Low Income Cost Sharing Subsidy</i></p> <p>PLUS...</p> <p>Two TRC 121 replies – <i>Beneficiary Low Income Status Updated (total of 4 replies)</i></p> <p><u>Note:</u> As of the Spring, 2007 Release 4.0, the two TRC 121 replies will no longer be included in the TRR.</p>	<p>TRC 167 represents the premium subsidy level for which the beneficiary is eligible, and the effective date reported with the TRC represents when that premium subsidy level takes effect.</p> <p>TRC 168 represents the cost-sharing level for which the beneficiary is eligible, and the effective date reported with the TRC represents when that cost-sharing level takes effect.</p> <p>Both TRC 121s represent when the beneficiary’s premium subsidy and low-income cost-sharing level ends, which always occurs on the last day of a calendar year (December 31st).</p>

Scenario	TRC Combination	How to Interpret Information in TRC
<p>2) A beneficiary applies for LIS and is determined eligible either by SSA or a State Medicaid Agency.</p>	<p>TRC 167 - <i>Change in Beneficiary Low Income Premium Subsidy</i></p> <p>PLUS ...</p> <p>TRC 168 - <i>Change in Beneficiary Low Income Cost Sharing Subsidy</i></p>	<p>TRC 167 represents the premium subsidy level for which the beneficiary is eligible, and the effective date reported with the TRC represents when that premium subsidy level takes effect.</p> <p>TRC 168 represents the cost-sharing level for which the beneficiary is eligible, and the effective date reported with the TRC represents when that cost-sharing level takes effect.</p>
<p>3) A beneficiary who has already been identified as LIS eligible via scenario 1 or 2 has a termination of his/her premium subsidy AND low-income cost-sharing level. This ends the member's LIS period.</p>	<p>TRC 121 – <i>Beneficiary Low Income Status Updated</i></p>	<p>TRC 121 represents when the beneficiary's premium subsidy and cost-sharing level ends.</p> <p><u>Note:</u> You can discern that this is a termination because the end date is always the last day of a month.</p>
<p>4) A beneficiary who has already been identified as LIS eligible via scenario 1 or 2 has a correction to his/her premium subsidy level for the existing period. The begin date (and end date, if applicable) remain the same.</p>	<p>TRC 167 - <i>Change in Beneficiary Low Income Premium Subsidy</i></p> <p><i>(This is the only scenario when this TRC appears alone.)</i></p>	<p>TRC 167 represents the new premium subsidy level for which the beneficiary is eligible. The effective date should match the begin date for the beneficiary's existing LIS period. If the existing period has an end date, it remains unchanged.</p>

Scenario	TRC Combination	How to Interpret Information in TRC
<p>5) A beneficiary who has already been identified as LIS eligible via scenario 1 or 2 has a correction to his/her co-payment level for the existing period. The begin date (and end date, if applicable) remain the same.</p>	<p>TRC 168 - <i>Change in Beneficiary Low Income Cost Sharing Subsidy</i></p> <p><i>(This is the only scenario when this TRC appears alone.)</i></p>	<p>TRC 168 represents the new cost sharing level for which the beneficiary is eligible. The effective date should match the begin date for the beneficiary's existing LIS period. If the existing period has an end date, it remains unchanged.</p>
<p>6) A beneficiary who has already been identified as LIS eligible via scenario 1 or 2 has a change within the premium subsidy level or within the low-income cost-sharing level. This change has a later date than the original effective date of the LIS period.</p>	<p>TRC 121 – <i>Beneficiary Low Income Status Updated</i></p> <p>PLUS...</p> <p>TRC 167 - <i>Change in Beneficiary Low Income Premium Subsidy</i></p> <p>PLUS ...</p> <p>TRC 168 - <i>Change in Beneficiary Low Income Cost Sharing Subsidy</i></p> <p><u>Note:</u> If the new period is a Deemed period, this set of replies may be accompanied by two TRC 121 with the effective date reported as the last day of the year.</p>	<p>When one of these values changes moving forward, CMS will close the existing period one day prior to the effective date of the new premium subsidy level or the low-income cost-sharing level. A new LIS period with the updated values is created.</p> <p>TRC 121 represents when the original (first) period is ended. The effective date on this reply will be one day prior to the effective date on the accompanying TRC 167 & 168.</p> <p>TRC 167 represents the premium subsidy level for which the beneficiary is eligible, and the effective date in the TRC represents when that new premium subsidy level takes effect.</p> <p>TRC 168 represents the cost-sharing level for which the beneficiary is eligible, and the effective date in the TRC represents when that new cost-sharing level takes effect. This effective date will match the effective date on the accompanying TRC 167.</p>

Scenario	TRC Combination	How to Interpret Information in TRC
<p>7) A beneficiary who has already been identified as LIS eligible via scenario 1 or 2 is eligible for prior months of the same premium subsidy and low-income cost-sharing. The existing LIS period is extended retroactively. If the period has an end date, that date remains the same.</p>	<p>TRC 121 – <i>Beneficiary Low Income Status Updated</i></p>	<p>TRC 121 represents when the beneficiary’s premium subsidy and cost-sharing level actually began. It is the new start date for the LIS period.</p> <p><u>Note:</u> You can discern that this is not a termination because the end date is the first day of a month and it is prior to the start date of the existing subsidy period.</p>

These examples are not all-inclusive. They represent the most common scenarios Plans will see in their TRR. If multiple changes to a beneficiary’s LIS status have occurred, combinations of the above scenarios may be seen in a single TRR. Retroactive LIS transactions may also present challenging combinations of TRCs. Plans should remember that a reply in June, 2007 for an LIS transaction effective in January, 2007, will display **current** LIS premium subsidy and cost-sharing levels, i.e. June values. Plans should reference the bi-weekly LIS file, the LIS History file, and the Common UI as additional resources for determining a beneficiary’s LIS status at a particular point in time.

If a Plan encounters irreconcilable combinations of these TRCs, the Plan should contact the MMA Help Desk with the specific examples for further research.

3. Why are some beneficiaries who are reported to have Low Income Subsidy (LIS) on the Plan’s Transaction Reply Report Data File (TRR) omitted from the next Bi-weekly LIS file?

The TRR reports the LIS status for any beneficiary with a transaction processed during that weekly or monthly submittal period. The LIS status reported is as of the date the transaction was processed, which is prior to the month-end processing. Plans may also see retroactive LIS TRCs (121, 167 & 168) on their TRR. The appearance of one of these TRCs on a TRR does not automatically mean that the beneficiary has LIS status as of the date of the TRR. Plans must rely on the instructions above (#2) to determine the effective date of member’s LIS status update.

The Bi-weekly LIS file reports all beneficiaries with LIS status (as reported in the Medicare Beneficiary Database (MBD)) as of the Current Payment Month (CPM). The CPM is defined as the month in which you will receive a Plan payment, not the current calendar month. It is important to note that if a beneficiary’s LIS termination is effective prior to the CPM; it will not

be reflected on the Bi-weekly LIS file. However, the LIS History Report, scheduled to be implemented with the April, 2007 CMS System Software Release, will provide retrospective and current information about a beneficiary's low-income premium subsidy and cost-sharing level for a continuous retroactive enrollment period of up to 36 months. Any applicable *future* status available will also be reported.

Example:

File production date	Data reported	Data not reported
First Sunday of January, 2007	Beneficiaries who are LIS eligible in February	Beneficiaries with LIS termination prior to February
Third Sunday of January, 2007	Beneficiaries who are LIS eligible in March	Beneficiaries with LIS termination prior to March

Note: Although the weekly TRR and Bi-weekly LIS files are transmitted to Plans during the same time period, they do not represent the beneficiary's LIS status at the exact same point in time.

4. Where is the Low Income Subsidy (LIS) “subsidy end date” located on the Transaction Reply Report (TRR)?

There is no field identified on the TRR specifically for the subsidy end date. When an end date is assigned to an LIS period, it is reported in the effective date field of a reply with TRC 121 - *Beneficiary Low Income Status Updated*. If reported, the subsidy end date will always be the last day of a month.

5. What fields on which files contain Low Income Subsidy (LIS) data?

The following files display LIS data:

File / Records	Contents/Location
Batch Completion Status Summary (BCSS) – Accepted transactions	<ul style="list-style-type: none"> • Part D Premium Subsidy Level • Low Income Co-Pay Category
Transaction Reply Report (TRR) – Accepted transactions	<ul style="list-style-type: none"> • Part D Low Income Premium Subsidy Level – field 49 • Low Income Co-Pay Category – field 50 • Low-Income Co-Pay Effective Date – field 51 • Low-Income Part D Premium Subsidy Amount – field 55
Monthly Membership Report (MMR) Detail Data File	<ul style="list-style-type: none"> • LIS Premium Subsidy Amount – field 35 • LIS Subsidy Cost Sharing Amount – field 72

File / Records	Contents/Location
All Full Enrollment Files	<ul style="list-style-type: none"> • Part D Low Income Subsidy Level (000 – 100) – field 49 • Low Income Co-Pay Category – field 50 • Low Income Co-Pay Effective Date – field 51 • Low Income Part D Premium Subsidy Amount – field 55 • Part D Auto & Facilitated Enrollment Address Data Files: Low Income Co-Pay Category
Bi-weekly Low Income Subsidy/Premium Data File (LISPRM)	<ul style="list-style-type: none"> • Subsidy Start Date – field 6 • Subsidy End Date – field 7 • Part D Premium Subsidy Percentage – field 8 • Low Income Copay Level – field 9 • LIS Subsidy Amount – field 15 • LIS Premium Subsidy Amount – field 16
Low Income Subsidy/Late Enrollment Penalty Data File (LIS/LEP)	<ul style="list-style-type: none"> • LIS Premium Subsidy Amount – field 35 • LIS Subsidy Cost Sharing Amount – field 72 • BEQ Responses: Deemed/LIS Effective Date, Deemed/LIS End Date, Co-Pay Level, Part D Premium Subsidy Percentage • LIS History Data File: All LIS periods that overlap a beneficiary’s enrollment in a contract

For further information:

NOTICE: In an effort to improve accessibility and search capability of Frequently Asked Questions (FAQs) and answers, CMS has implemented a question and answer database to house questions and answers for CMS programs. Access can be gained from any page of the CMS web site www.cms.hhs.gov/. Plans should note the FAQ memos produced and distributed by the MMAHelp Desk will continue to be emailed; however, the memos will no longer be available as downloads on the web site per CMS web policy. The CMS Q & A database will be the source for all MMAHelp FAQ information on the web.

The Plan Communications User Guide (PCUG) and Appendices can be accessed by clicking on these direct links:

<http://www.cms.hhs.gov/MMAHelp/downloads/PCUG.pdf>

<http://www.cms.hhs.gov/MMAHelp/downloads/PCUGAppendices.pdf>

The MMAHelp Desk can be reached at 1-800-927-8069 or mmahelp@cms.hhs.gov. The MMAHelp Desk is available Monday through Friday, 6 a.m. – 9 p.m., EST.

The MMAHelp web site, www.cms.hhs.gov/mmahelp, is the main source for Plan references.