

## **FAQs for Section 11404 of the Inflation Reduction Act (IRA)**

*Updated: February 22, 2024*

- 1. What is the IRA LIS provision?**
  - a. Section 11404 of the Inflation Reduction Act expands the Low-Income Subsidy program (LIS or “Extra Help”) under Medicare Part D to individuals with incomes up to 150% of the federal poverty level and who meet certain resource requirements starting on January 1, 2024.
  
- 2. Are there any details that can be shared as to how CMS Plans to implement LIS expansion?**
  - a. CMS is working with the Social Security Administration (SSA) on implementation of section 11404 of the IRA. To date, SSA has advised they will send the updated LIS data to CMS in December 2023, and there will be subsequent clean up files. Given this delay, we remind Plans that consistent with the current Best Available Evidence (BAE) policy section 70.5 in [Chapter 13-Premium and Cost Sharing Subsidies for Low Income Individuals](#), Plans can make the necessary updates to their internal systems to reflect Category 1 for those beneficiaries currently in Category 4 LIS spans with no end date until CMS systems reflect this change. Until SSA has provided all their updates, Plans will continue to see Category 4. Once SSA has provided all their updates, if Plans have not received TRC 121, they should contact the MAPD Help Desk.
  
- 3. Will Plans receive a Daily Transaction Reply Report (DTRR) when a member’s category code changes from Category 4 to Category 1?**
  - a. Yes, the DTRR will contain Transaction Reply Code (TRC) 121 when a beneficiary’s category code is changed from Category 4 to Category 1. As such, CMS anticipates no Plan system changes, and no change in notification regarding loss of LIS deemed status except for an increase in TRC 121 (Low Income Period Status). Plans will continue to see TRC 121 pursuant to the category code changes on DTRRs even after January 1, 2024, for retroactive LIS determinations for periods prior to January 1, 2024.
  
- 4. Will Category 4 be sunseting January 1, 2024?**
  - a. Category 4 will be sunseting effective January 1, 2024, in that no new determination will have a category 4 designation from January 1, 2024, onwards. However, Plans will still see Category 4 for retroactive LIS determinations for periods prior to January 1, 2024.
  
- 5. We have a subset of members for which we have not received a 2024 LIS update and need to know what information to provide them on their Annual LIS Rider, as Level 4 is not available in 2024.**
  - a. As noted above, CMS does not anticipate receiving updated LIS data from SSA until December 2023. In the meantime, Plans may continue to see Category 4 through December 2023 until SSA submits the Category 1 changes and can use the existing LIS Rider reflecting the appropriate level 1 information.