

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
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Baltimore, Maryland 21244-1850



## **CENTER FOR DRUG and HEALTH PLAN CHOICE**

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TO: All Part D Sponsors

FROM: Cynthia G. Tudor, Ph.D., Director, Medicare Drug Benefit and C&D Data Group

SUBJECT: Medicare Prescription Drug Benefit Manual – Chapter 13

DATE: December 9, 2008

CMS is pleased to release the final version of Chapter 13 of the Prescription Drug Benefit Manual (Premium and Cost-Sharing Subsidies for Low-Income Individuals). CMS considered all of the comments received on the draft of Chapter 13 that was released on July 31, 2008.

Chapter 13 contains information about:

- Low-income Subsidy (LIS) eligibility
- Application of the Premium and Cost Sharing Subsidy
- Part D Sponsor Administration of the Low-income Subsidy
- Responsibilities of the Part D Sponsor, including our Best Available Evidence (BAE) Policy

Please note that the final version of Chapter 13 contains changes from the draft version released for comment on July 31, 2008. Specifically, CMS:

1. Clarified in the final chapter that the eligibility determination and redetermination process is discussed more thoroughly in the SSA Program Operations Manual System (POMS), and included a web address to POMS.
2. Revised the Waiver of Late Enrollment Penalty section to reflect the impact of changes mandated by the Medicare Improvement for Patients and Providers Act of 2008 (MIPPA).
3. Clarified when Part D sponsors should use Member Notifications.
4. Revised the BAE section to clearly reflect our policy in the August 4, 2008 memorandum on BAE. (Note: Because we require sponsors to provide the beneficiary access to Part D drugs at a reduced cost-sharing as soon as BAE is presented, we have not incorporated the requirement specified in the 2009 call letter for a process to permit beneficiaries with less than 3 days of medication available to receive an emergency supply. The requirement to provide access, as specified in Chapter 13, is applicable regardless of the number of days of medication available.)
5. Revised the BAE section to clearly reflect our policy in the August 4, 2008 memorandum on BAE.

6. Added the additional guidance from the memorandum dated October 16, 2008, regarding how Part D Sponsors interpret Social Security Administration's Low-income Subsidy Letters.
7. Revised the appendices to reflect revisions to the final version. Specifically, we included attachments from the October 16, 2008 guidance, and removed attachments that were duplicative of attachments that can be accessed via a hyperlink.

CMS recently released guidance regarding Part D sponsor's responsibilities when in receipt of the Loss of Subsidy file. This memo, dated November 24, 2008, describes the actions Part D Sponsors are required to take once they receive this information, including setting members' low income cost sharing (LICS) level effective January 1, 2009, and notifying them of these changes. This revised policy is not reflected in the new chapter, and will be added in future versions of Chapter 13.

The manual is available at

[http://www.cms.hhs.gov/PrescriptionDrugCovContra/12\\_PartDManuals.asp](http://www.cms.hhs.gov/PrescriptionDrugCovContra/12_PartDManuals.asp).

Any questions regarding this manual chapter may be directed to Christine Hinds on (410)786-4578, or via email at [christine.hinds@cms.hhs.gov](mailto:christine.hinds@cms.hhs.gov).