

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850



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**DATE:** February 9, 2009

**TO:** All Prescription Drug Plan Sponsors, Medicare Advantage Organizations, Cost Plans, and PACE and Demonstration Organizations

**FROM:** Anthony J. Culotta, Director  
Medicare Enrollment and Appeals Group

**SUBJECT:** 2009 Medicare Part D Low-Income Subsidy (LIS) Income and Resource Standards

The purpose of this memorandum is to provide you with updated income and resource standards for individuals who apply for the low-income subsidy for Medicare Part D. CMS is required by law to update the Part D income and resource limits each year. Attached are tables illustrating the 2009 Federal Poverty Income Levels for the 48 States and the District of Columbia, Alaska, and Hawaii (Attachment 1). We have also attached a description of the methodology that CMS used to update resource limits for 2009 (Attachment 2). That information was previously included in an HPMS memorandum issued to plans on October 22, 2008, but is attached again for your convenience. The new income and resource standards should be applied to all LIS applications filed on or after January 1, 2009.

If you have any questions about this information, contact Katherine Pokrzywa at 410-786-5530 or [katherine.pokrzywa@cms.hhs.gov](mailto:katherine.pokrzywa@cms.hhs.gov).

## 2009 LOW-INCOME SUBSIDY INCOME GUIDELINES

ALL STATES (EXCEPT ALASKA AND HAWAII) AND D.C.

### ANNUAL GUIDELINES

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	10,830.00	14,620.50	15,162.00	15,703.50	16,245.00
2	14,570.00	19,669.50	20,398.00	21,126.50	21,855.00
3	18,310.00	24,718.50	25,634.00	26,549.50	27,465.00
4	22,050.00	29,767.50	30,870.00	31,972.50	33,075.00
5	25,790.00	34,816.50	36,106.00	37,395.50	38,685.00
6	29,530.00	39,865.50	41,342.00	42,818.50	44,295.00
7	33,270.00	44,914.50	46,578.00	48,241.50	49,905.00
8	37,010.00	49,963.50	51,814.00	53,664.50	55,515.00

For family units of more than 8 members, add \$3,740 for each additional member.

### MONTHLY GUIDELINES

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	902.50	1,218.38	1,263.50	1,308.63	1,353.75
2	1,214.17	1,639.13	1,699.83	1,760.54	1,821.25
3	1,525.83	2,059.88	2,136.17	2,212.46	2,288.75
4	1,837.50	2,480.63	2,572.50	2,664.38	2,756.25
5	2,149.17	2,901.38	3,008.83	3,116.29	3,223.75
6	2,460.83	3,322.13	3,445.17	3,568.21	3,691.25
7	2,772.50	3,742.88	3,881.50	4,020.13	4,158.75
8	3,084.17	4,163.63	4,317.83	4,472.04	4,626.25

**2009**  
**LOW-INCOME SUBSIDY**  
**INCOME GUIDELINES**  
 ALASKA ONLY

**ANNUAL GUIDELINES**

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	13,530.00	18,265.50	18,942.00	19,618.50	20,295.00
2	18,210.00	24,583.50	25,494.00	26,404.50	27,315.00
3	22,890.00	30,901.50	32,046.00	33,190.50	34,335.00
4	27,570.00	37,219.50	38,598.00	39,976.50	41,355.00
5	32,250.00	43,537.50	45,150.00	46,762.50	48,375.00
6	36,930.00	49,855.50	51,702.00	53,548.50	55,395.00
7	41,610.00	56,173.50	58,254.00	60,334.50	62,415.00
8	46,290.00	62,491.50	64,806.00	67,120.50	69,435.00

For family units of more than 8 members, add \$4,680 for each additional member.

**MONTHLY GUIDELINES**

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	1,127.50	1,522.13	1,578.50	1,634.88	1,691.25
2	1,517.50	2,048.63	2,124.50	2,200.38	2,276.25
3	1,907.50	2,575.13	2,670.50	2,765.88	2,861.25
4	2,297.50	3,101.63	3,216.50	3,331.38	3,446.25
5	2,687.50	3,628.13	3,762.50	3,896.88	4,031.25
6	3,077.50	4,154.63	4,308.50	4,462.38	4,616.25
7	3,467.50	4,681.13	4,854.50	5,027.88	5,201.25
8	3,857.50	5,207.63	5,400.50	5,593.38	5,786.25

**2009**  
**LOW-INCOME SUBSIDY**  
**INCOME GUIDELINES**  
 HAWAII ONLY

**ANNUAL GUIDELINES**

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	12,460.00	16,821.00	17,444.00	18,067.00	18,690.00
2	16,760.00	22,626.00	23,464.00	24,302.00	25,140.00
3	21,060.00	28,431.00	29,484.00	30,537.00	31,590.00
4	25,360.00	34,236.00	35,504.00	36,772.00	38,040.00
5	29,660.00	40,041.00	41,524.00	43,007.00	44,490.00
6	33,960.00	45,846.00	47,544.00	49,242.00	50,940.00
7	38,260.00	51,651.00	53,564.00	55,477.00	57,390.00
8	42,560.00	57,456.00	59,584.00	61,712.00	63,840.00

For family units of more than 8 members, add \$4,300 for each additional member.

**MONTHLY GUIDELINES**

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	1,038.33	1,401.75	1,453.67	1,505.58	1,557.50
2	1,396.67	1,885.50	1,955.33	2,025.17	2,095.00
3	1,755.00	2,369.25	2,457.00	2,544.75	2,632.50
4	2,113.33	2,853.00	2,958.67	3,064.33	3,170.00
5	2,471.67	3,336.75	3,460.33	3,583.92	3,707.50
6	2,830.00	3,820.50	3,962.00	4,103.50	4,245.00
7	3,188.33	4,304.25	4,463.67	4,623.08	4,782.50
8	3,546.67	4,788.00	4,965.33	5,142.67	5,320.00

## Attachment 2

### **Resource Limits for the Medicare Part D Low-Income Subsidy: Annual Adjustment for 2009**

To apply and qualify for the Part D low-income subsidy, Medicare beneficiaries must have resources no greater than the resource limits established by the Medicare Modernization Act (MMA). In 2008, to qualify for the full low-income subsidy, Medicare beneficiaries were required to have resources below or equal to \$6,290 (\$9,440 if married). Medicare beneficiaries were required to have resources below or equal to \$10,490 (\$20,970 if married) to qualify for other low-income subsidies. When determining whether a beneficiary qualifies for the Medicare Part D low-income subsidy, \$1,500 per person in resources are excluded from consideration if the beneficiary indicates that they expect to use some of their resources for burial expenses. Therefore, these resource limits are increased by \$1,500 per person if the beneficiary expects to use some of their resources for burial expenses.

The MMA directs CMS to update the resource limits for the low-income subsidy each year. This notice provides: (i) the methodology for updating the resource limits, (ii) the 2009 low-income subsidy resource limits, and (iii) the 2009 cost-sharing for low-income subsidy eligible enrollees.

#### I. Calculation Methodology

Section 1860D-14(a)(3)(D) of the MMA requires CMS to use the annual percentage increase in the Consumer Price Index, All Urban Consumers (all items, U.S. city average) as of September of the previous year to update the resource limits for the low-income subsidy. CMS used the September, 2007 and the September, 2008 CPI values from the Bureau of Labor Statistics to calculate the annual percentage increase. The annual percentage increase in CPI for contract year 2009 is calculated as follows:

$$\frac{\text{September 2008 CPI } 218.783}{\text{September 2007 CPI } 208.490} \text{ or } \frac{\quad}{\quad} = 1.04937$$

(Source: Bureau of Labor Statistics, Department of Labor)

Thus, the 2009 increase factor for the low-income subsidy resource limits is 4.94%. Per the statute, the resource limits are increased by 4.94% for 2009 and rounded to the nearest multiple of \$10. Therefore, the resource limit required for beneficiaries to qualify for the full low-income subsidy is increased from \$6,290 (\$9,440 if married) to \$6,600 (\$9,910 if married) for 2009. The resource limit required to qualify for partial low-income subsidies is increased from \$10,490 (\$20,970 if married) to \$11,010 (\$22,010 if married) for 2009.

## Attachment 2

### II. Table of Resource Limits Used to Determine Eligibility for Low-Income Subsidy (LIS)

<b>LIS Level</b>	<b>Marital Status</b>	<b>2008 LIS Resource Limit*</b>	<b>2009 LIS Resource Limit*</b>
Full Subsidy LIS	Single	\$7,790	\$8,100
	Married	\$12,440	\$12,910
All Other LIS	Single	\$11,990	\$12,510
	Married	\$23,970	\$25,010

\*These resource limits include \$1,500 per person for burial expenses.