

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



CENTER FOR DRUG AND HEALTH PLAN CHOICE

DATE: February 25, 2009

TO: Part D Plan Sponsors

FROM: Anthony Culotta, Director
Medicare Enrollment & Appeals Group

SUBJECT: Processing Low-Income Subsidy Applicant Terminations

The purpose of this memo is to provide information about members who will lose low-income subsidy (LIS) eligibility in 2009. This memo also 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 April 1, 2009, and notifying them of these changes.

Background

In September, 2008, the Social Security Administration (SSA) began the annual redetermination process for LIS applicants. Those members who did not respond to letters from SSA will have their LIS award terminated as of March 31, 2009.

Notifications to Sponsors

Beginning with the weekly TRR on or about **March 1, 2009**, plans will begin to receive Transaction Reply Code (TRC) 121 with termination dates in field 18, Effective Date for LIS Applicants. Specifically, this field will be populated with "20090331" for any LIS applicants for whom SSA has reported termination of LIS eligibility. The TRR file layout is described in the Plan Communications User Guide, Appendix E-18.

As a reminder, members may later regain LIS eligibility through automatically qualifying (i.e. deeming) or by re-applying successfully for LIS applicant status. In addition, sponsors will continue to be notified of loss of LIS eligibility or changes to premium and/or copayment levels via the LIS History Report (LISHIST) issued at the end of each month.

Sponsor Responsibilities

In response to the TRR, sponsors must set their systems to charge the correct premium, deductible, and copayments effective April 1, 2009. As in the past, we expect sponsors to notify these beneficiaries that they will lose this extra help and to provide information

about changes in their plan benefits as a result of this loss. CMS has developed a model notice for this purpose (please see the Attachment). Plan sponsors that will be using the model notice are instructed to submit the material under the marketing material category 7006.

Special Enrollment Period

Per §30.4.4.5 and §30.4.4.12 of Chapter 2 of the Medicare Managed Care Manual and §20.3.2 and §20.3.8.7 of the PDP Guidance on Eligibility, Enrollment, and Disenrollment, individuals who lose their LIS eligibility during the calendar year also will have a special enrollment period (SEP) that begins the month they are notified by SSA and ends two months after the month they are notified.

Points of Contact

For **policy** questions pertaining to LIS eligibility, please contact Tracey Baker via email at tracey.baker@cms.hhs.gov or by telephone at 410-786-7794.

For **technical** questions pertaining to this notification, please contact the MMAHelp Desk at 1-800-927-8069 or via email at mmahelp@cms.hhs.gov.

Attachment

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MODEL NOTICE FOR BENEFICIARIES WHOSE LOW-INCOME SUBSIDY IS TERMINATED (for PDPs, MA-PD Plans, and Cost Plans that offer Part D)

(Note: The marketing material code for this model notice is **7006**. If the sponsor uses this model notice without modification, CMS will waive the five-day waiting period before the sponsor can use the notice in the marketplace.)

[Member #-if member # is SSN, only use last 4 digits]

[RxID]

[RxGroup]

[RxBin]

[RxPCM]

<Date>

Dear <Name of Member>:

Beginning <effective date>, you no longer qualify for extra help with your Medicare prescription drug costs. You will continue to be a member of <Plan name>.

How will your monthly premium change?

The monthly premium you pay to <Plan name> will increase from <insert dollar amount> to <insert dollar amount>. *[Add the following if the member currently has premium withhold option: Because your premium is deducted from your monthly Social Security check, the amount withheld from your check will increase.]*

How will your other prescription drug costs change?

[Describe plan's cost sharing structure including the deductible, if applicable, for non-LIS members.]

Once you spend <current Out-of-Pocket Threshold> in a year, your co-payment amount(s) will go down. You will pay <current copay for generics> for generic or preferred drugs and <current copay for brand names> for any other drug, or 5% coinsurance, whichever is higher, for the rest of the year.

These changes to your prescription drug costs begin <effective date>. This date may have already passed when you get this letter. If you have filled prescriptions since <effective date>, you may have been charged less than you should have paid. If you do owe us money, we will let you know how much.

[Note: If Beneficiary is Deemed, insert the following language:]

You may still qualify for extra help, but you must apply to find out. If you haven't already filled out an application for extra help, you can get an application or apply over the phone by

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calling Social Security at 1-800-772-1213, or apply online at www.socialsecurity.gov. TTY users should call 1-800-325-0778.]

What are your options?

Option 1: You can stay a member of our plan

You can continue to be a member of <plan name>. You will pay the costs described above for your coverage.

Option 2: You can switch to a new plan

Because you no longer qualify for extra help, you can switch to a different Medicare drug plan starting <effective date> until <two months later>. [If the effective date is January 1, enter March 31. For any other effective date, enter two months later.] You may want to choose a different drug plan for next year with costs and coverage that better meet your needs.

Visit www.medicare.gov on the web or call 1-800-MEDICARE (1-800-633-4227) for more information about Medicare drug plans available in your area. TTY users should call 1-877-486-2048.

Option 3: You can find other ways to get help with your prescription drug costs

Your state may have programs that can help pay your prescription drug costs. Contact your State Medical Assistance (Medicaid) office for more information. Call 1-800-MEDICARE (1-800-633-4227) or visit www.medicare.gov on the web for their telephone number. TTY users should call 1-877-486-2048.

[Note: *If Beneficiary is an Applicant, insert the following language:*

What To Do If Your Situation Changes

You can file a new application for extra help at any time. You can get an application or apply over the phone by calling Social Security at 1-800-772-1213, or apply online at www.socialsecurity.gov. TTY users should call 1-800-325-0778.

If You Disagree With This Decision

If you think your extra help was terminated in error, you can call Social Security to appeal at 1-800-772-1213. TTY users should call 1-800-325-0778.]

For More Information

If you have any questions about this letter, please contact <Customer/Member> Services at <toll-free number><days and hours of operation>. TTY/TDD users should call <toll-free TTY number>.

Thank you.

<Marketing Material ID Number><CMS Approval Date>