



## **CENTER FOR BENEFICIARY CHOICES**

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**Date:** December 10, 2007

**To:** All Medicare Advantage, Prescription Drug Plan, Cost, PACE and Demonstration Organizations Business and System Operations Staff

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

**Subject:** 2008 Low Income Subsidy (LIS) Status and Premium Amounts

### Overview

The purpose of this memo is to provide information about a forthcoming special transaction reply report (TRR) that contains important information about members who will lose low income subsidy eligibility for 2008. 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 January 1, 2008, and mailing the appropriate LIS rider for the 2008 calendar year.

### Background

CMS and SSA have already notified beneficiaries who will lose LIS eligibility at the end of December 2007. As explained in detail in our September 6, 2007, memorandum, "Re-Determination of Part D Low Income Subsidy (LIS) Eligibility for 2008," CMS provided information to Part D sponsors in September (via a special one-time file) about their members who had not been re-deemed for LIS as of that point in time. Sponsors are expected to have reached out to these members to encourage them to apply by completing the SSA application sent to them and to help them through the application process.

### TRR and Other Notifications to Sponsors

The special TRR will be available to sponsors on or about **Wednesday, December 12**. It will contain the latest available information about the loss of a member's LIS eligibility in Field 24, Subsidy End Date. Specifically, this field will be populated with "20071231" for any member in your plan losing deemed status at the end of December 2007 or LIS applicants for whom SSA has reported terminations of LIS eligibility.

The TRR will use the file layout described in the Plan Communication Users Guide, Appendix E (a copy of this layout is provided as Attachment B).

Sponsors will receive TRC notifications on the weekly TRR for LIS changes when the effective date of the change in LIS matches the current payment month (CPM) for MARx processing. Thus, if a beneficiary has an LIS change effective January 2008, the sponsor will be notified of this change when CMS completes processing for the January payment month. Please note the weekly TRR will include notifications related only to changes to LIS premium or copayment levels, or terminations of LIS eligibility for LIS applicants. Those losing LIS deemed status will appear only on the December 12 Special TRR.

Subsequent to the December 12 Special TRR or the first weekly TRR for the January CPM, members may regain LIS status through re-deeming or applying successfully for LIS. In addition, SSA will continue to process redeterminations initiated earlier this fall, and these may result in termination or changes to premium or copayment levels.

Finally, sponsors will continue to be notified of loss of LIS eligibility or changes to premium and/or copayment levels via the LIS History Report issued at the end of each month. Those who no longer have LIS will have a 2007 LIS eligibility span but no 2008 LIS eligibility span.

### Sponsor Responsibilities

In response to this December 12 Special TRR, any other TRR, or the LIS History Report, sponsors are required to set their systems to charge the correct premium, deductible, and copayments effective January 1, 2008. The only exception is for those whom the Sponsor confirms are awaiting an SSA determination on an LIS application and have been granted a grace period by the Sponsor (see our HPMS memorandum dated October 22, 2007).

For those who remain eligible for LIS in 2008, the sponsor must send the required LIS Rider no later than January 31, 2008.

We encourage sponsors to use the Special TRR of December 12 to reach out and remind these beneficiaries that they will lose this extra help and to provide information about their plan benefits in light of this loss. CMS has developed a model notice for this purpose (Attachment B).

### Special Enrollment Period

Per §30.4.4 of Chapter 2 of the Medicare Managed Care Manual and §20.3.8 of the PDP Guidance – Eligibility, Enrollment and Disenrollment, individuals who lose their LIS eligibility effective January 1, 2008, because they are no longer deemed eligible have a Special Enrollment Period (SEP) beginning January 1, 2008, through March 31, 2008, allowing them to make one Part D enrollment election. Individuals who lose eligibility for LIS outside of this annual redeeming process also will have an SEP, which begins the month they are notified by SSA and ends two months after the month they are notified.

### Points of Contact

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](mailto:mmahelp@cms.hhs.gov).

For **policy** questions pertaining to LIS eligibility, please contact Kay Pokrzywa via email at [katherine.pokrzywa@cms.hhs.gov](mailto:katherine.pokrzywa@cms.hhs.gov) or by telephone at 410-786-5530, or Jeff Maready via email at [jeffrey.maready@cms.hhs.gov](mailto:jeffrey.maready@cms.hhs.gov) or by telephone at 415-744-3523.

### Attachments

## **Attachment A      Model Notice for Beneficiaries Whose Low-Income Subsidy Ends**

(For PDPs, MA-PD Plans, and Cost Plans that offer Part D)

(Note: The marketing material code for this model notice is **7005**. 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]

[RxPCN]

<Date>

Dear <Name of Member>:

The Centers for Medicare and Medicaid Services, the federal agency that runs the Medicare Program, has told us that you no longer qualify for extra help with your Medicare prescription drug costs, beginning January 1, 2008. You will continue to be a member of <plan name>.

**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 calling Social Security at 1-800-772-1213, or apply online at [www.socialsecurity.gov](http://www.socialsecurity.gov) on the web. TTY users should call 1-800-325-0778.

### **How will my monthly premium change?**

*[Note: Sponsors may describe the grace period for the collection of premiums and cost-sharing for those applying for LIS and awaiting a determination, if applicable.]* If you don't qualify for extra help, you will pay a monthly plan premium of <insert dollar amount> to <plan name>.

*[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 my other prescription drug costs change?**

*[Describe plan's cost sharing structure including the deductible, if applicable, for non-LIS members. Sponsors that are offering a grace period for the collection of premiums and cost-sharing to those who are able to demonstrate that they have applied for LIS should reference that policy here.]*

## **What are my options?**

### Staying a member of our plan

Even if you don't qualify for extra help, you will continue to be a member of <plan name>. You will pay the costs described above for your coverage next year.

### Switching plans

If you no longer qualify for extra help, you will have an opportunity to switch to a different Medicare drug plan starting January 1, 2008, through March 31, 2008. You may want to switch to a different drug plan with costs and coverage for next year that better meet your needs.

- [*Insert, if applicable:* we offer (an)other plan(s) that may lower your prescription drug plan costs]
- Visit [www.medicare.gov](http://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.

### Finding other ways to get help paying for prescription drug costs

Your state may have programs that provide help paying 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](http://www.medicare.gov) on the web for their telephone number. TTY users should call 1-877-486-2048.

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

Thank you.

## Attachment B – File Format

Field	Size	Position	Description
<b>1. Claim Number</b>	<b>12</b>	<b>1 – 12</b>	<b>Claim Account Number</b>
<b>2. Surname</b>	<b>12</b>	<b>13 – 24</b>	<b>Beneficiary Surname</b>
<b>3. First Name</b>	<b>7</b>	<b>25 – 31</b>	<b>Beneficiary Given Name</b>
<b>4. Middle Name</b>	<b>1</b>	<b>32</b>	<b>Beneficiary Middle Initial</b>
<b>5. Sex Code</b>	<b>1</b>	<b>33</b>	<b>Beneficiary Sex Identification Code</b> <b>0 = Unknown</b> <b>1 = Male</b> <b>2 = Female</b>
<b>6. Date of Birth</b>	<b>8</b>	<b>34 – 41</b>	<b>YYYYMMDD Format</b>
7. Medicaid Indicator	1	42	Spaces
<b>8. Contract Number</b>	<b>5</b>	<b>43 – 47</b>	<b>Plan Contract Number</b>
<b>9. State Code</b>	<b>2</b>	<b>48 – 49</b>	<b>Beneficiary State Code</b>
<b>10. County Code</b>	<b>3</b>	<b>50 – 52</b>	<b>Beneficiary County Code</b>
11. Disability Indicator	1	53	Spaces
12. Hospice Indicator	1	54	Spaces
13. Institutional/NHC Indicator	1	55	Spaces
14. ESRD Indicator	1	56	Spaces
<b>15. Transaction Reply Code</b>	<b>3</b>	<b>57 – 59</b>	<b>Transaction Reply Code</b> <b>Defaulted to '996' for loss of Deemed Status report</b>
<b>16. Transaction Type Code</b>	<b>2</b>	<b>60 – 61</b>	<b>Transaction Type Code</b> <b>Defaulted to '01' for special reports</b>
17. Entitlement Type Code	1	62	Spaces
<b>18. Effective Date</b>	<b>8</b>	<b>63 – 70</b>	<b>YYYYMMDD Format</b>
19. WA Indicator	1	71	Spaces
<b>20. Plan Benefit Package ID</b>	<b>3</b>	<b>72 – 74</b>	<b>PBP number</b>
21. Filler	1	75	Spaces
<b>22. Transaction Date</b>	<b>8</b>	<b>76 – 83</b>	<b>Set to Current Date (YYYYMMDD )</b>
23. Filler	1	84	Spaces
<b>24. Normally dependent on TR code</b> (With TRC 996, Low Income Subsidy End Date)	<b>12</b>	<b>85 – 96</b>	<b>End date of Beneficiary's Low-Income Subsidy Period (YYYYMMDD)</b>
25. District Office Code	3	97 – 99	Spaces
26. Filler	8	100 – 107	Spaces
27. Filler	8	108 – 115	Spaces
28. Source ID	5	116 – 120	Spaces
29. Prior Plan Benefit Package ID	3	121 – 123	Spaces
30. Application Date	8	124 – 131	Spaces
31. Filler	2	132 – 133	Spaces

Field	Size	Position	Description
MMA fields start here:			MMCS Data file ended with position 133.
32. Out of Area Flag	1	134 – 134	Spaces
<b>33. Segment Number</b>	<b>3</b>	<b>135 – 137</b>	<b>Default to '000' if blank</b>
34. Part C Beneficiary Premium	8	138 – 145	Spaces
35. Part D Beneficiary Premium	8	146 – 153	Spaces
36. Election Type	1	154 – 154	Spaces
<b>37. Enrollment Source</b>	<b>1</b>	<b>155 – 155</b>	<b>A = Auto Enrolled by CMS B = Beneficiary Election C = Facilitated Enrollment by CMS D = CMS Annual Rollover E = Plan Submitted Auto-enrollment F = Plan Submitted Facilitated-enrollment G = Point of Sale Enrollment H = Re-assignment Enrollment</b>
38. Part D Opt-Out Flag	1	156 – 156	Spaces
39. Premium Withhold Option/Parts C-D	1	157 – 157	Spaces
40. Number of Uncovered Months	3	158 – 160	Spaces
41. Creditable Coverage Flag	1	161 – 161	Spaces
42. Employer Subsidy Override Flag	1	162 – 162	Spaces
43. Rx ID	20	163 – 182	Spaces
44. Rx Group	15	183 – 197	Spaces
45. Secondary Drug Insurance Flag	1	198-198	Spaces
46. Secondary Rx ID	20	199 – 218	Spaces
47. Secondary Rx Group	15	219 – 233	Spaces
48. EGHP	1	234 - 234	Spaces
<b>49. Part D Low-Income Premium Subsidy Level</b>	<b>3</b>	<b>235 – 237</b>	<b>Part D low-income premium subsidy category: Default to '000' = No subsidy</b>
<b>50. Low-Income Co-Pay Category</b>	<b>1</b>	<b>238 – 238</b>	<b>Definitions of the co-payment categories: Default to '0' = none, not low-income</b>
51. Low-Income Co-Pay Effective Date	8	239 - 246	Spaces
52. Part D Late Enrollment Penalty Amount	8	247 - 254	Spaces

Field	Size	Position	Description
53. Part D Late Enrollment Penalty Waived Amount	8	255 - 262	Spaces
54. Part D Late Enrollment Penalty Subsidy Amount	8	263 - 270	Spaces
55. Low-Income Part D Premium Subsidy Amount	8	271 - 278	Spaces