

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



CENTER FOR MEDICARE

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

DATE: March 8, 2011

SUBJECT: 2011 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 2011 Federal Poverty Income Levels for the 48 States and the District of Columbia, Alaska, and Hawaii. We have also attached a description of the methodology that CMS used to update resource limits for 2011. (These were previously released to plans on November 10, 2010, but are attached here for convenience.) The new income and resource standards should be applied to all LIS applications filed on or after January 1, 2011.

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

Attachments

2011 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	10,890.00	14,701.50	15,246.00	15,790.50	16,335.00
2	14,710.00	19,858.50	20,594.00	21,329.50	22,065.00
3	18,530.00	25,015.50	25,942.00	26,868.50	27,795.00
4	22,350.00	30,172.50	31,290.00	32,407.50	33,525.00
5	26,170.00	35,329.50	36,638.00	37,946.50	39,255.00
6	29,990.00	40,486.50	41,986.00	43,485.50	44,985.00
7	33,810.00	45,643.50	47,334.00	49,024.50	50,715.00
8	37,630.00	50,800.50	52,682.00	54,563.50	56,445.00

For family units of more than 8 members, add \$3,820 for each additional member.

MONTHLY GUIDELINES

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	907.50	1,225.13	1,270.50	1,315.88	1,361.25
2	1,225.83	1,654.88	1,716.17	1,777.46	1,838.75
3	1,544.17	2,084.63	2,161.83	2,239.04	2,316.25
4	1,862.50	2,514.38	2,607.50	2,700.63	2,793.75
5	2,180.83	2,944.13	3,053.17	3,162.21	3,271.25
6	2,499.17	3,373.88	3,498.83	3,623.79	3,748.75
7	2,817.50	3,803.63	3,944.50	4,085.38	4,226.25
8	3,135.83	4,233.38	4,390.17	4,546.96	4,703.75

2011 LOW-INCOME SUBSIDY INCOME GUIDELINES

ALASKA ONLY

ANNUAL GUIDELINES

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	13,600.00	18,360.00	19,040.00	19,720.00	20,400.00
2	18,380.00	24,813.00	25,732.00	26,651.00	27,570.00
3	23,160.00	31,266.00	32,424.00	33,582.00	34,740.00
4	27,940.00	37,719.00	39,116.00	40,513.00	41,910.00
5	32,720.00	44,172.00	45,808.00	47,444.00	49,080.00
6	37,500.00	50,625.00	52,500.00	54,375.00	56,250.00
7	42,280.00	57,078.00	59,192.00	61,306.00	63,420.00
8	47,060.00	63,531.00	65,884.00	68,237.00	70,590.00

For family units of more than 8 members, add \$4,780 for each additional member.

MONTHLY GUIDELINES

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	1,133.33	1,530.00	1,586.67	1,643.33	1,700.00
2	1,531.67	2,067.75	2,144.33	2,220.92	2,297.50
3	1,930.00	2,605.50	2,702.00	2,798.50	2,895.00
4	2,328.33	3,143.25	3,259.67	3,376.08	3,492.50
5	2,726.67	3,681.00	3,817.33	3,953.67	4,090.00
6	3,125.00	4,218.75	4,375.00	4,531.25	4,687.50
7	3,523.33	4,756.50	4,932.67	5,108.83	5,285.00
8	3,921.67	5,294.25	5,490.33	5,686.42	5,882.50

2011 LOW-INCOME SUBSIDY INCOME GUIDELINES

HAWAII ONLY

ANNUAL GUIDELINES

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	12,540.00	16,929.00	17,556.00	18,183.00	18,810.00
2	16,930.00	22,855.50	23,702.00	24,548.50	25,395.00
3	21,320.00	28,782.00	29,848.00	30,914.00	31,980.00
4	25,710.00	34,708.50	35,994.00	37,279.50	38,565.00
5	30,100.00	40,635.00	42,140.00	43,645.00	45,150.00
6	34,490.00	46,561.50	48,286.00	50,010.50	51,735.00
7	38,880.00	52,488.00	54,432.00	56,376.00	58,320.00
8	43,270.00	58,414.50	60,578.00	62,741.50	64,905.00

For family units of more than 8 members, add \$4,390 for each additional member.

MONTHLY GUIDELINES

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	1,045.00	1,410.75	1,463.00	1,515.25	1,567.50
2	1,410.83	1,904.63	1,975.17	2,045.71	2,116.25
3	1,776.67	2,398.50	2,487.33	2,576.17	2,665.00
4	2,142.50	2,892.38	2,999.50	3,106.63	3,213.75
5	2,508.33	3,386.25	3,511.67	3,637.08	3,762.50
6	2,874.17	3,880.13	4,023.83	4,167.54	4,311.25
7	3,240.00	4,374.00	4,536.00	4,698.00	4,860.00
8	3,605.83	4,867.88	5,048.17	5,228.46	5,408.75

Resource Limits for the Medicare Part D Low-Income Subsidy: Annual Adjustment for 2011

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 2010, to qualify for the full low-income subsidy, Medicare beneficiaries are required to have resources below or equal to \$6,600 (\$9,910 if married). Medicare beneficiaries are required to have resources below or equal to \$11,010 (\$22,010 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 2011 low-income subsidy resource limits, and (iii) the 2011 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, 2009 and the September, 2010 CPI values from the Bureau of Labor Statistics to calculate the annual percentage increase. The annual percentage increase in CPI for contract year 2011 is calculated as follows:

$$\frac{\text{September 2010 CPI}}{\text{September 2009 CPI}} \text{ or } \frac{218.439}{215.969} = 1.0114$$

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

Thus, the 2010 increase factor for the low-income subsidy resource limits is 1.14%. Per the statute, the resource limits are increased by 1.14% for 2011 and rounded to nearest multiple of \$10. Therefore, the resource limit required for beneficiaries to qualify for the full low-income subsidy is increased from \$6,600 (\$9,910 if married) to \$6,680 (\$10,020 if married) for 2011. The resource limit required to qualify for partial low-income subsidies is increased from \$11,010 (\$22,010 if married) to \$11,140 (\$22,260 if married) for 2011.

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

LIS Level	Marital Status	2010 LIS Resource Limit*	2011 LIS Resource Limit*
Full Subsidy LIS	Single	\$8,100	\$8,180
	Married	\$12,910	\$13,020
All Other LIS	Single	\$12,510	\$12,640
	Married	\$25,010	\$25,260

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