



MEDICARE ENROLLMENT & APPEALS GROUP

DATE: December 9, 2013

TO: Part D Plan Sponsors

FROM: Arrah Tabe-Bedward,
Director, Medicare Enrollment & Appeals Group

SUBJECT: Processing Low Income Subsidy Status Changes for 2014

The purpose of this memorandum is to provide information about the forthcoming Loss of Subsidy Data File that contains important information about members who will lose low income subsidy (LIS) eligibility for 2014. This memorandum 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, 2014, and notifying them of these changes.

Background

The Centers for Medicare & Medicaid Services (CMS) and the Social Security Administration (SSA) have notified beneficiaries who will lose LIS eligibility at the end of December 2013, via a jointly mailed letter referred to as the "Loss of Deemed Status Notice" or "grey notice." As explained in detail in our July 31, 2013 memorandum, "*Re-Determination of Part D Low Income Subsidy (LIS) Eligibility for 2014*," CMS indicated that it would provide information to Part D sponsors in September 2013, via a special file, about their members who were expected to lose LIS eligibility as of December 31, 2013. Sponsors were expected to reach out by phone or mail to every member who, beginning in 2014, will no longer qualify for LIS, otherwise referred to as "Extra Help." As a part of this outreach, sponsors were to encourage these beneficiaries to apply for LIS by completing the *Application for Extra Help with Medicare Prescription Drug Plan Costs* included in the grey letter and help them through the application process.

Notifications to Sponsors

The Loss of Subsidy Data File will be available to sponsors on or about **December 11, 2013**, and will contain the latest available information about the loss of a member's LIS eligibility in Field 21, Low Income Subsidy End Date. Specifically, this field will be populated with "20131231" for any member in your plan losing deemed status at the end of December 2013 or LIS applicants for whom SSA has reported terminations of LIS eligibility. The Loss of Subsidy file format and related technical information for plans can be found in the CMS Plan Communications User Guide (Appendix F.17 and Section 9.2 respectively). The naming conventions for the file are:

Gentran Mailbox/TIBCO MFT Internet Server:
P.Rxxxxx.EOYLOSD.Dyymmdd.Thhmsst

Connect:Direct (Mainframe):
zzzzzzzz.Rxxxxx.EOYLOSD.Dyymmdd.Thhmsst

Connect:Direct (Non-Mainframe):
[directory]Rxxxxx.EOYLOSD.Dyymmdd.Thhmsst

Part D sponsors should note that the redeeming process begins in July of every year and continues throughout the fall. Therefore, some members who received the grey notice and appeared on the September Loss of Subsidy file may later be determined LIS eligible. These eligibility determinations are communicated to plan sponsors via the usual notifications provided on the daily Transaction Reply Report (TRR), as well as the monthly LIS History Report (LISHIST). Thus, the Loss of Subsidy file that sponsors will receive in December will likely be different than the September file, but will provide the most up-to-date picture of plan membership for those beneficiaries who have not been redeemed for LIS in 2014.

Plan enrollees included on the December Loss of Subsidy file may later regain LIS eligibility through re-deeming or by applying successfully for LIS. This could result due to States sending information to CMS on a beneficiary's Medicaid status after the Loss of Deemed Status file was created, or from the SSA applications and re-determinations process. SSA decisions could also result in changes to premium and/or copayment levels subsequent to the December 11th file. Copayment levels could also change if a State submits information after the creation of the Loss of Deemed Status file. Plan sponsors will continue to be notified of loss of LIS eligibility or changes to premium and/or copayment levels via the daily TRR as well as the monthly LISHIST.

Sponsor Responsibilities

In response to the Loss of Subsidy Data File, sponsors must set their systems to charge the correct premium, deductible, and copayments effective January 1, 2014. The only exception to this requirement is for those beneficiaries whom the sponsor confirms are awaiting an SSA determination on an LIS application and have been granted a grace period (see below for additional information) by the sponsor. In these situations, sponsors should wait until they receive the result of the SSA determination to update their systems.

As outlined in section 70.2 of Chapter 13 of the Medicare Prescription Drug Benefit Manual, Part D sponsors are required to notify impacted beneficiaries that they will lose their LIS eligibility and should use the model notice found in Appendix B (Model Notice for Beneficiaries Whose Low-Income Subsidy is Terminated) to provide information about changes in plan benefits. Plan sponsors using the model notice are instructed to submit the material under the marketing material category 10001.

Optional Grace Period

As outlined in section 40.2.8 of Chapter 13, Part D sponsors may offer up to a 3-month grace period for the collection of premiums and cost sharing to individuals who will no longer automatically qualify for the subsidy in 2014 and are able to demonstrate that they have applied for LIS, provided this option is offered to all such individuals. Before granting the grace period, sponsors must confirm, either verbally or in writing, that an individual has applied for LIS. In other words, the grace period may not be applied automatically to all deemed individuals losing LIS; instead, sponsors may apply the grace period only if an LIS application has been submitted.

Sponsors could send a letter to affected members that instruct them to call the sponsor if they are interested in the grace period. Any communication with the members should advise them of the potential for retroactive liability for higher premiums and cost sharing as of January 1, 2014 should they not regain LIS eligibility. The letter should also include information regarding the special enrollment period (SEP) for loss of LIS status (described below) and the need to take action by March 31, 2014 if they do not regain LIS status and wish to change plans. Sponsors should submit these notices to CMS for review and approval, consistent with Medicare marketing guidelines.

If, after the grace period has expired, the individual still does not appear as LIS eligible according to CMS records or has not submitted Best Available Evidence (BAE) documentation to the plan, sponsors must attempt to recoup unpaid premiums or cost sharing amounts consistent with CMS guidance.

Special Enrollment Period

CMS Determinations: In accordance with section 30.4.4.12 of Chapter 2 of the Medicare Managed Care Manual and section 30.3.8.7 of Chapter 3 of the Medicare Prescription Drug Benefit Manual, individuals whose LIS deemed status is terminated effective January 1, 2014 as a result of CMS' annual LIS redetermination process have a SEP from January 1, 2014 through March 31, 2014. This SEP allows them to make one Part D enrollment election.

SSA Determinations: LIS applicants whose subsidy is terminated effective January 1, 2014, or at other times during the calendar year, due to SSA determining that the beneficiary is no longer eligible for LIS, have an 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 Amanda Rhee via email at amanda.rhee@cms.hhs.gov or by telephone at 410-786-3888. For **technical** questions pertaining to this notification, please contact the MAPD Help Desk at 1-800-927-8069 or via email at mapdhelp@cms.hhs.gov.