

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR MEDICARE

DATE: November 14, 2023
TO: All Part D Plan Sponsors
FROM: Jennifer R. Shapiro, Director, Medicare Plan Payment Group
SUBJECT: Calendar Year (CY) 2024 Resource and Cost-Sharing Limits for Low-Income Subsidy (LIS) - Correction

The Centers for Medicare & Medicaid Services (CMS) is releasing guidance on the updated resource limits for individuals who apply and qualify for the low-income subsidy (LIS). As described at 42 CFR 423.772, resources include bank accounts, stocks, bonds, and other liquid resources that beneficiaries can readily convert to cash within 20 days and real estate that is not the beneficiary's primary residence.

CMS' guidance also includes the maximum copayments that full LIS-eligible beneficiaries will pay as enrollees of Medicare prescription drug plans in CY 2024. Please note that the March 31, 2023, guidance entitled "Announcement of Calendar Year (CY) 2024 Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies" includes the LIS copayment figures.

Effective January 1, 2024, Section 11404 of the Inflation Reduction Act (IRA) *Expanding Eligibility for Low-Income Subsidies Under Part D of the Medicare Program* will expand eligibility of the full LIS group to individuals with incomes up to 150 percent of the federal poverty level (FPL) and who meet the statutory resource requirements. This change will impact the beneficiaries who meet, or will meet, the current requirements for the partial LIS. Beneficiaries who previously met the resource requirement for the partial LIS group will now be eligible for the full LIS benefit.

The CY 2024 resource limits are \$15,510 (\$30,950 if married) for the full LIS benefit. For beneficiaries who notified the Social Security Administration (SSA) that they expect to use some of their resources for burial expenses, pursuant to 20 CFR 416.1231, the CY 2024 resource limits are \$17,010 (\$33,950 if married) for the full LIS benefit. Please see the attached notice for more information regarding CMS's methodology to update the LIS resource limits and cost-sharing amounts for CY 2024.

CMS is also required to update income standards for the low-income subsidies each year and will release the 2024 income standards for the low-income subsidies in early 2024 after the CY 2024 FPL are released.

If you have any questions about this information, contact PartDPaymentPolicy@cms.hhs.gov.

Resource Limits for the Medicare Part D Low-Income Subsidy
Annual Adjustment for Calendar Year (CY) 2024

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) directs CMS to update the resource limits for the low-income subsidy each year. As described at 42 CFR 423.772, resources include bank accounts, stocks, bonds, and other liquid resources that can be readily converted to cash within 20 days, as well as real estate that is not the beneficiary’s primary residence. This notice provides:

- i. The calculation methodology for updating the low-income subsidy resource limits.
- ii. The low-income subsidy resource limits in 2024.
- iii. The cost-sharing amounts for low-income subsidy-eligible beneficiaries in 2024.

Calculation Methodology for Updating the Low-Income Subsidy Resource Limits

Section 1860D-14(a)(3) of the Social Security Act (the Act) requires CMS to use the annual percentage increase in the Consumer Price Index (CPI), 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 2022 and the September 2023 CPI values from the Bureau of Labor Statistics to calculate the annual percentage increase. The annual percentage increase in the CPI for the contract year 2024 is calculated as follows.

$$\frac{\text{September 2023 CPI}}{\text{September 2022 CPI}} \text{ or } \frac{307.789}{296.808} = 1.0370$$

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

The 2024 adjustment factor for the low-income subsidy resource limits is 3.70%. Per the statute, the resource limits are increased by 3.70% for 2024 and rounded to the nearest multiple of \$10.

I. Resource Limits Used to Determine Eligibility for the Full Low-Income Subsidy

Per the methodology outlined above, the resource limit that must not be exceeded for beneficiaries to qualify for the full low-income subsidy increases from the CY 2023 amount of \$9,090 (\$13,630 if married) to \$15,510 (\$30,950 if married) in 2024.

If beneficiaries notify SSA that they expect to use some of their resources for burial expenses, the 2024 resource limits are \$17,010 (\$33,950 if married) for the full low-income subsidy benefit.

Please see Table 1 for the updated resource limits for determining eligibility for the low-income subsidy CY 2024.

Table 1 — CY 2024 Resource Limits for Determining LIS Eligibility

Marital Status	2023 Resource Limit	2023 Resource Limit with Burial Expenses	2024 Resource Limit	2024 Resource Limit with Burial Expenses
Single	\$9,090	\$10,590	\$15,510	\$17,010
Married	\$13,630	\$16,630	\$30,950	\$33,950

Note. —Per section 1860D-14(a)(3)(B) of the Act, in the case of an individual whose spouse dies during the effective period for a determination or redetermination, such effective period shall be extended through the date that is one year after the date on which the determination or redetermination would otherwise cease to be effective.

II. Low-Income Subsidy Eligible Beneficiary Cost-Sharing

As required under section 1860D-14 of the Act, the maximum copayments below the out-of-pocket threshold for low-income full subsidy-eligible enrollees with incomes that exceed 100% of the federal poverty level (FPL) are updated using the annual percentage increase in average expenditures for Part D drugs per eligible beneficiary. In addition, the maximum copayments below the out-of-pocket threshold for full-benefit dual eligible enrollees with incomes that do not exceed 100% of the FPL are updated by the annual percentage increase in the CPI, as required under section 1860D-14(a)(4).

For additional information on how the Part D benefit parameters are updated each year using the annual percentage increases in the average Part D drug expenditure amount and the CPI, please refer to the March 31, 2023 guidance entitled, “Announcement of Calendar Year (CY) 2024 Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies,” available on the CMS website at <http://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Announcements-and-Documents.html>.

Please see Table 2 below for the updated cost-sharing for low-income subsidy-eligible beneficiaries in 2024.

Table 2. — CY 2024 Maximum LIS Beneficiary Cost-Sharing Table

Low-Income Subsidy Category	Deductible	Copayment up to Out-of-Pocket Threshold ^a	
		Generic	Brand
Full-Benefit Dual Eligible Beneficiaries Institutionalized or Receiving Home and Community-Based Services	\$0	\$0	\$0
Full-Benefit Dual Eligible Beneficiaries with income ≤ 100% FPL	\$0	\$1.55	\$4.60
Full-Benefit Dual Eligible Beneficiaries with income between 100% and 150% FPL	\$0	\$4.50	\$11.20
Non-Full Benefit Dual Eligible Beneficiaries Applied or are eligible for Medicare Savings Program (QMB-only, SLMB-only, or QI); or Supplemental Security Income (but not Medicaid)	\$0	\$4.50	\$11.20
Non-Full Benefit Dual Eligible Beneficiaries Applied and with income ≤ 150% FPL with resources ≤ \$17,010 (\$33,950 if married) ^b	\$0	\$4.50	\$11.20

Note. —

- a. The out-of-pocket threshold is \$8,000 for 2024. Beginning in CY 2024, under section 1860D-2(b)(4)(A)(i) of the Act, as amended by section 11201(a) of the IRA, there is no cost-sharing for covered Part D drugs above the annual out-of-pocket (OOP) threshold, as defined at section 1860D-2(b)(4)(B) of the Act, for any Part D beneficiaries, including LIS eligible beneficiaries, beginning in CY 2024.
- b. The resource limits displayed include \$1,500 per person for burial expenses. For beneficiaries that did not notify SSA that they expect to use some of their resources for burial expenses, the applicable resource limit is \$15,510 (\$30,950 if married).