

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



## **MEDICARE ENROLLMENT & APPEALS GROUP**

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**DATE:** February 25, 2020

**TO:** All Prescription Drug Plan Sponsors, Medicare Advantage Organizations, Cost Plans, Programs for All-Inclusive Care for the Elderly, and Demonstration Organizations

**FROM:** Jerry Mulcahy  
Director

**SUBJECT:** 2020 Medicare Part D Low-Income Subsidy (LIS) Income and Resource Standards

The purpose of this memorandum is to provide updated income and resource standards for individuals who apply for the low-income subsidy (LIS) for Medicare Part D. The Centers for Medicare & Medicaid Services (CMS) is required by law to update the income and resource limits each year.

Attached are the tables of the 2020 Poverty Guidelines for the 48 contiguous states and the District of Columbia (Attachment 1), Alaska (Attachment 2), and Hawaii (Attachment 3). We have also attached a description of the methodology that CMS used to update resource limits for 2020 (Attachment 4). (These were previously released to plans on November 01, 2019 and are attached here for convenience.) The new income and resource standards will be applied to all LIS applications filed on or after January 1, 2020.

If you have any questions about this information, contact Roland Herrera at 410-786-0668 or [Roland.Herrera@cms.hhs.gov](mailto:Roland.Herrera@cms.hhs.gov).

Attachments

## 2020 POVERTY GUIDELINES

ALL STATES (EXCEPT ALASKA AND HAWAII) AND D.C.

### ANNUAL GUIDELINES

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	12,760.00	17,226.00	17,864.00	18,502.00	19,140.00
2	17,240.00	23,274.00	24,136.00	24,998.00	25,860.00
3	21,720.00	29,322.00	30,408.00	31,494.00	32,580.00
4	26,200.00	35,370.00	36,680.00	37,990.00	39,300.00
5	30,680.00	41,418.00	42,952.00	44,486.00	46,020.00
6	35,160.00	47,466.00	49,224.00	50,982.00	52,740.00
7	39,640.00	53,514.00	55,496.00	57,478.00	59,460.00
8	44,120.00	59,562.00	61,768.00	63,974.00	66,180.00

For family units of more than 8 members, add \$4,480 for each additional member.

### MONTHLY GUIDELINES

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	1,063.33	1,435.50	1,488.67	1,541.83	1,595.00
2	1,436.67	1,939.50	2,011.33	2,083.17	2,155.00
3	1,810.00	2,443.50	2,534.00	2,624.50	2,715.00
4	2,183.33	2,947.50	3,056.67	3,165.83	3,275.00
5	2,556.67	3,451.50	3,579.33	3,707.17	3,835.00
6	2,930.00	3,955.50	4,102.00	4,248.50	4,395.00
7	3,303.33	4,459.50	4,624.67	4,789.83	4,955.00
8	3,676.67	4,963.50	5,147.33	5,331.17	5,515.00

## 2020 POVERTY GUIDELINES

ALASKA ONLY

### ANNUAL GUIDELINES

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	15,950.00	21,532.50	22,330.00	23,127.50	23,925.00
2	21,550.00	29,092.50	30,170.00	31,247.50	32,325.00
3	27,150.00	36,652.50	38,010.00	39,367.50	40,725.00
4	32,750.00	44,212.50	45,850.00	47,487.50	49,125.00
5	38,350.00	51,772.50	53,690.00	55,607.50	57,525.00
6	43,950.00	59,332.50	61,530.00	63,727.50	65,925.00
7	49,550.00	66,892.50	69,370.00	71,847.50	74,325.00
8	55,150.00	74,452.50	77,210.00	79,967.50	82,725.00

For family units of more than 8 members, add \$5,600 for each additional member.

### MONTHLY GUIDELINES

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	1,329.17	1,794.38	1,860.83	1,927.29	1,993.75
2	1,795.83	2,424.38	2,514.17	2,603.96	2,693.75
3	2,262.50	3,054.38	3,167.50	3,280.63	3,393.75
4	2,729.17	3,684.38	3,820.83	3,957.29	4,093.75
5	3,195.83	4,314.38	4,474.17	4,633.96	4,793.75
6	3,662.50	4,944.38	5,127.50	5,310.63	5,493.75
7	4,129.17	5,574.38	5,780.83	5,987.29	6,193.75
8	4,595.83	6,204.38	6,434.17	6,663.96	6,893.75

## 2020 POVERTY GUIDELINES

HAWAII ONLY

### ANNUAL GUIDELINES

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	14,680.00	19,818.00	20,552.00	21,286.00	22,020.00
2	19,830.00	26,770.50	27,762.00	28,753.50	29,745.00
3	24,980.00	33,723.00	34,972.00	36,221.00	37,470.00
4	30,130.00	40,675.50	42,182.00	43,688.50	45,195.00
5	35,280.00	47,628.00	49,392.00	51,156.00	52,920.00
6	40,430.00	54,580.50	56,602.00	58,623.50	60,645.00
7	45,580.00	61,533.00	63,812.00	66,091.00	68,370.00
8	50,730.00	68,485.50	71,022.00	73,558.50	76,095.00

For family units of more than 8 members, add \$5,150 for each additional member.

### MONTHLY GUIDELINES

FAMILY SIZE	PERCENT OF POVERTY GUIDELINE				
	100%	135%	140%	145%	150%
1	1,223.33	1,651.50	1,712.67	1,773.83	1,835.00
2	1,652.50	2,230.88	2,313.50	2,396.13	2,478.75
3	2,081.67	2,810.25	2,914.33	3,018.42	3,122.50
4	2,510.83	3,389.63	3,515.17	3,640.71	3,766.25
5	2,940.00	3,969.00	4,116.00	4,263.00	4,410.00
6	3,369.17	4,548.38	4,716.83	4,885.29	5,053.75
7	3,798.33	5,127.75	5,317.67	5,507.58	5,697.50
8	4,227.50	5,707.13	5,918.50	6,129.88	6,341.25

## **Resource Limits for the Medicare Part D Low-Income Subsidy: Annual Adjustment for 2020**

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. This notice provides: (i) the calculation methodology for updating the low-income subsidy resource limits, (ii) the low-income subsidy resource limits in 2020, and (iii) the cost-sharing amounts for low-income subsidy eligible beneficiaries in 2020.

### **I. 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 2018 and the September 2019 CPI values from the Bureau of Labor Statistics to calculate the annual percentage increase. The annual percentage increase in the CPI for contract year 2020 is calculated as follows:

$$\frac{\text{September 2019 CPI}}{\text{September 2018 CPI}} \text{ or } \frac{256.759}{252.439} = 1.0171$$

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

The 2019 adjustment factor for the low-income subsidy resource limits is 1.71%. Per the statute, the resource limits are increased by 1.71% for 2020 and rounded to the nearest multiple of \$10.

### **II. Resource Limits Used to Determine Eligibility for the 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 2019 amount of \$7,730 (\$11,600 if married) to \$7,860 (\$11,800 if married) in 2020. The resource limit that must not be exceeded for beneficiaries to qualify for partial low-income subsidies increases from the 2019 amount of \$12,890 (\$25,720 if married) to \$13,110 (\$26,160 if married) in 2020.

If beneficiaries notified SSA that they expect to use some of their resources for burial expenses, the applicable 2020 resource limits are \$9,360 (\$14,800 if married) for the full low-income subsidy and \$14,610 (\$29,160 if married) for other low-income subsidies.

Please see the table below for the updated resource limits for determining eligibility for the low-income subsidy in 2020.

**Resource Limits for Determining LIS Eligibility**

<b>LIS Level*</b>	<b>Marital Status</b>	<b>2019 LIS Resource Limit</b>	<b>2019 LIS Resource Limit with Burial Expenses</b>	<b>2020 LIS Resource Limit</b>	<b>2020 LIS Resource Limit with Burial Expenses</b>
Full Subsidy	Single	\$7,730	\$9,230	\$7,860	\$9,360
	Married	\$11,600	\$14,600	\$11,800	\$14,800
All Other LIS	Single	\$12,890	\$14,390	\$13,110	\$14,610
	Married	\$25,720	\$28,720	\$26,160	\$29,160

\* 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.

### III. 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 certain low-income full subsidy eligible enrollees and the deductible and the maximum copayments above the out-of-pocket threshold for partial subsidy eligible enrollees 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 April 1, 2019 guidance titled “Announcement of Calendar Year (CY) 2020 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter” available on the CMS website at <http://www.cms.gov/Medicare/Health-Plans/MedicareAdvgtgSpecRateStats/Announcements-and-Documents.html>.

Please see the table below for the updated cost-sharing for low-income subsidy eligible beneficiaries in 2020.

**2020 Maximum LIS Beneficiary Cost-Sharing Table**

<b>Low-Income Subsidy Category</b>	<b>Deductible</b>	<b>Copayment up to Out-of-Pocket Threshold*</b>	<b>Copayment above Out-of-Pocket Threshold*</b>
Institutionalized Full-Benefit Dual Eligible; or  Beneficiaries Receiving Home and Community-Based Services	\$0	\$0	\$0
Full-Benefit Dual Eligible ≤ 100% FPL	\$0	\$1.30 generic, \$3.90 brand	\$0
Full-Benefit Dual Eligible > 100% FPL; or  Medicare Saving Program Participant (QMB-only, SLMB-only, or QI); or  Supplemental Security Income (but not Medicaid) Recipient; or  Applicant < 135% FPL with resources ≤ \$9,360 (\$14,800 if married)**	\$0	\$3.60 generic, \$8.95 brand	\$0
Applicant < 150% FPL with resources between \$9,360 - \$14,610 (\$14,800 - \$29,160 if married)**	\$89	15%	\$3.60 generic, \$8.95 brand

\* The out-of-pocket threshold is \$6,350 for 2020.

\*\* 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 \$7,860 (\$11,800 if married) for the full low-income subsidy and \$13,110 for the partial subsidy (\$26,160 if married).