

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



## **CENTER FOR BENEFICIARY CHOICES**

---

**DATE:** January 31, 2008

**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

**SUBJECT:** 2008 Medicare Part D Low-Income Subsidy 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 (LIS) 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 2008 Federal Poverty Income Levels for the 48 contiguous States and the District of Columbia, Alaska, and Hawaii (Attachment 1). We have also attached a description of the methodology that CMS used to update resource limits for 2008 (Attachment 2). The latter was previously released to plans on October 25, 2007, but is attached here for convenience. The new income and resource standards should be applied to all LIS applications filed on or after January 1, 2008.

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

Attachments

**2008 POVERTY LEVEL GUIDELINES**

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

Income Guidelines as Published in the Federal Register on January 23, 2008

## ANNUAL GUIDELINES

## PERCENT OF POVERTY

FAMILY SIZE	100%	135%	140%	145%	150%
----	----	----	----	----	----
1	10,400.00	14,040.00	14,560.00	15,080.00	15,600.00
2	14,000.00	18,900.00	19,600.00	20,300.00	21,000.00
3	17,600.00	23,760.00	24,640.00	25,520.00	26,400.00
4	21,200.00	28,520.00	29,680.00	30,740.00	31,800.00
5	24,800.00	33,480.00	34,720.00	35,960.00	37,200.00
6	28,400.00	38,340.00	39,760.00	41,180.00	42,600.00
7	32,000.00	43,200.00	44,800.00	46,400.00	48,000.00
8	35,600.00	48,060.00	49,840.00	51,620.00	53,400.00

For family units of more than 8 members, add \$3,600.00 for each additional member.

## MONTHLY GUIDELINES

## PERCENT OF POVERTY

FAMILY SIZE	100%	135%	140%	145%	150%
----	----	----	----	----	----
1	866.67	1,170.00	1,213.33	1,256.67	1,300.00
2	1,166.67	1,575.00	1,633.33	1,691.67	1,750.00
3	1,466.67	1,980.00	2,053.33	2,126.67	2,200.00
4	1,766.67	2,385.00	2,473.33	2,561.67	2,650.00
5	2,066.67	2,790.00	2,893.33	2,996.67	3,100.00
6	2,366.67	3,195.00	3,313.33	3,431.67	3,550.00
7	2,666.67	3,600.00	3,733.33	3,866.67	4,000.00
8	2,966.67	4,005.00	4,153.33	4,301.67	4,450.00

**2008 POVERTY LEVEL GUIDELINES****ALASKA**

Income Guidelines as Published in the Federal Register on January 23, 2008

**ANNUAL GUIDELINES****PERCENT OF POVERTY**

<b>FAMILY SIZE</b>	<b>100%</b>	<b>135%</b>	<b>140%</b>	<b>145%</b>	<b>150%</b>
----	----	----	----	----	----
1	13,000.00	17,550.00	18,200.00	18,850.00	19,500.00
2	17,500.00	23,625.00	24,500.00	25,375.00	26,250.00
3	22,000.00	29,700.00	30,800.00	31,900.00	33,000.00
4	26,500.00	35,775.00	37,100.00	38,425.00	39,750.00
5	31,000.00	41,850.00	43,400.00	44,950.00	46,500.00
6	35,500.00	47,925.00	49,700.00	51,475.00	53,250.00
7	40,000.00	54,000.00	56,000.00	58,000.00	60,000.00
8	44,500.00	60,075.00	62,300.00	64,525.00	66,750.00

For family units of more than 8 members, add \$4,500.00 for each additional member.

**MONTHLY GUIDELINES****PERCENT OF POVERTY**

<b>FAMILY SIZE</b>	<b>100%</b>	<b>135%</b>	<b>140%</b>	<b>145%</b>	<b>150%</b>
----	----	----	----	----	----
1	1,083.33	1,462.50	1,516.67	1,570.83	1,625.00
2	1,458.33	1,968.75	2,041.67	2,114.58	2,187.50
3	1,833.33	2,475.00	2,566.67	2,658.33	2,750.00
4	2,208.33	2,981.25	3,091.67	3,202.08	3,312.50
5	2,583.33	3,487.50	3,616.67	3,745.83	3,875.00
6	2,958.33	3,993.75	4,141.67	4,289.58	4,437.50
7	3,333.33	4,500.00	4,666.67	4,833.33	5,000.00
8	3,708.33	5,006.25	5,191.67	5,377.08	5,562.50

**2008 POVERTY LEVEL GUIDELINES****HAWAII**

Income Guidelines as Published in the Federal Register on January 23, 2008

**ANNUAL GUIDELINES****PERCENT OF POVERTY**

<b>FAMILY SIZE</b>	<b>100%</b>	<b>135%</b>	<b>140%</b>	<b>145%</b>	<b>150%</b>
----	----	----	----	----	----
1	11,960.00	16,146.00	16,744.00	17,342.00	17,940.00
2	16,100.00	21,735.00	22,540.00	23,345.00	24,150.00
3	20,240.00	27,324.00	28,336.00	29,348.00	30,360.00
4	24,380.00	32,913.00	34,132.00	35,351.00	36,570.00
5	28,520.00	38,502.00	39,928.00	41,354.00	42,780.00
6	32,660.00	44,091.00	45,724.00	47,357.00	48,990.00
7	36,800.00	49,680.00	51,520.00	53,360.00	55,200.00
8	40,940.00	55,269.00	57,316.00	59,363.00	61,410.00

For family units of more than 8 members, add \$4,140.00 for each additional member.

**MONTHLY GUIDELINES****PERCENT OF POVERTY**

<b>FAMILY SIZE</b>	<b>100%</b>	<b>135%</b>	<b>140%</b>	<b>145%</b>	<b>150%</b>
----	----	----	----	----	----
1	996.67	1,345.50	1,395.33	1,445.17	1,495.00
2	1,341.67	1,811.25	1,878.33	1,945.42	2,012.50
3	1,686.67	2,277.00	2,361.33	2,445.67	2,530.00
4	2,031.67	2,742.75	2,844.33	2,945.92	3,047.50
5	2,376.67	3,208.50	3,327.33	3,446.17	3,565.00
6	2,721.67	3,674.25	3,810.33	3,946.42	4,082.50
7	3,066.67	4,140.00	4,293.33	4,446.67	4,600.00
8	3,411.67	4,605.75	4,776.33	4,946.92	5,117.50

**Resource Limits for the Medicare Part D Low-Income Subsidy:  
Annual Adjustment for 2008**

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 2007, to qualify for the full low-income subsidy, Medicare beneficiaries are required to have resources below or equal to \$6,120 (\$9,190 if married). Medicare beneficiaries are required to have resources below or equal to \$10,210 (\$20,410 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. 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, and (ii) the 2008 low-income subsidy resource limits.

**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, 2006 and the September, 2007 CPI values from the Bureau of Labor Statistics to calculate the annual percentage increase. The annual percentage increase in CPI for contract year 2008 is calculated as follows:

$$\frac{\text{September 2007 CPI } 208.49}{\text{September 2006 CPI } 202.9} = 1.0276$$

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

Thus, the 2008 increase factor for the low-income subsidy resource limits is 2.76%. Per the statute, the resource limits are increased by 2.76% for 2008 and rounded to the nearest multiple of \$10. Therefore, the resource limit required for beneficiaries to qualify for the full low-income subsidy is increased from \$6,120 (\$9,190 if married) to \$6,290 (\$9,440 if married) for 2008. The resource limit required to qualify for partial low-income subsidies is increased from \$10,210 (\$20,410 if married) to \$10,490 (\$20,970 if married) for 2008.

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

<b>LIS Level</b>	<b>Marital Status</b>	<b>2007 LIS Resource Limit*</b>	<b>2008 LIS Resource Limit*</b>
Full Subsidy LIS	Single	\$7,620	\$7,790
	Married	\$12,190	\$12,440
All Other LIS	Single	\$11,710	\$11,990
	Married	\$23,410	\$23,970

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