

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



CENTER FOR BENEFICIARY CHOICES

Date: February 8, 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 --
CORRECTION

The January 31, 2008, memorandum titled "2008 Medicare Part D Low-Income Subsidy Income and Resource Standards" contained one error in the Poverty Level Guidelines. In the All States table, 135% of the Federal Poverty Level for a family of four is \$28,620.00, not \$28,520.00. Please use the revised tables in Attachment 1 in lieu of the tables transmitted on January 31st.

We regret any inconvenience this error has caused. If you have any questions about this information, contact Katherine Pokrzywa at 410-786-5530 or 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%
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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	28,620.00	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%
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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**

FAMILY SIZE	100%	135%	140%	145%	150%
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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**

FAMILY SIZE	100%	135%	140%	145%	150%
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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**

FAMILY SIZE	100%	135%	140%	145%	150%
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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**

FAMILY SIZE	100%	135%	140%	145%	150%
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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, (ii) the 2008 low-income subsidy resource limits, and (iii) the 2008 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, 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)

LIS Level	Marital Status	2007 LIS Resource Limit*	2008 LIS Resource Limit*
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