



# 2015 Medicare Low-Income Subsidy (LIS), or “Extra Help”

## “Extra Help” with Prescription Drug Costs

- Medicare LIS Overview
- Patient Eligibility and Application Process
- How LIS Affects Patient Responsibility for Drug Costs
- Tools and Resources

Janssen Pharmaceuticals, Inc., has developed this guide to help you understand how the Medicare Part D Low-Income Subsidy (LIS) program may be able to help patients afford the out-of-pocket costs usually associated with Medicare Part D Prescription Drug Plans (PDPs). The Medicare LIS program is designed to help people with low incomes and minimal resources by decreasing or eliminating costs such as deductibles, co-pays, and premiums associated with drugs provided under their Part D benefits. This guide reviews the basic provisions of the LIS program and eligibility criteria, compares the standard PDP benefits with LIS benefits, and provides access to tools and resources for healthcare providers and patients.

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The information provided is not a guarantee of coverage or payment (partial or full). Actual benefits are determined by each plan administrator in accordance with its respective policy and procedures. This document is presented for informational purposes only and is not intended to provide reimbursement or legal advice, nor does it promise or guarantee coverage, levels of reimbursement, payment, or charge. It is not intended to increase or maximize reimbursement by any payer. Laws, regulations, and policies concerning reimbursement are complex and are updated frequently. While we have made an effort to be current as of the issue date of this document, the information may not be as current or comprehensive when you view it. Please refer to <http://www.medicare.gov>, or contact the plan for more information about coverage or any restrictions or prerequisites that may apply. We strongly recommend you consult the payer organization for its reimbursement policies. All information is subject to change.

# Introduction

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Medicare patients who have limited income and resources may qualify for “Extra Help” to pay for prescription drugs. The LIS program from Medicare provides financial assistance for patients who may otherwise be unable to afford the costs associated with their Medicare Part D plan.

Those who are eligible for LIS may:

- Receive assistance paying their monthly premium
- Have a reduced or no deductible
- Have reduced or no prescription coinsurance and co-payments
- Have no gap in coverage

## Eligibility<sup>1</sup>

LIS for prescription drug costs is available in two ways:

- 1) Automatic eligibility
- 2) By application

Whether a beneficiary is deemed automatically eligible or must actively apply depends upon how he or she qualifies under the eligibility criteria.

### Automatic eligibility

A Medicare patient will be deemed eligible for LIS and automatically enrolled in a Part D plan if he or she:

- Qualifies for full Medicaid benefits (dual eligible); or
- Receives Medicare premium and/or cost-sharing assistance; or
- Receives Supplemental Security Income (SSI)

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### By application (eligible, but must apply)

Medicare patients who do not meet the criteria for automatic eligibility will not be automatically enrolled in a Part D plan and can submit an application to be considered for the LIS benefit if they meet income and asset-level requirements.

**Individuals can use the “Medicare Plan Finder” tool located at <http://www.medicare.gov> to obtain a list of LIS-eligible plans in their region.**

## Effect of LIS on Patient Costs<sup>1</sup>

A Medicare patient may be eligible for 1 of 2 different levels of “Extra Help”—the full subsidy or the partial subsidy.

### Full LIS

- Patients who are deemed automatically eligible for LIS qualify for the full subsidy. A patient may also qualify for full LIS if he or she has an annual income below 135% of the Federal Poverty Level (FPL) and his or her resources do not exceed the limitations specified by the Social Security Administration (SSA) for the plan year
- Patients who qualify for full LIS are entitled to a premium subsidy equal to 100% of the plan’s premium for basic prescription drug coverage or the regional low-income premium subsidy amount, also called the “benchmark premium”

### Partial LIS

- A patient may qualify for a partial subsidy if he or she has an annual income below 150% of the FPL and his or her resources do not exceed the limitations specified by the SSA for the plan year. Partial subsidy-eligible patients may be eligible for a premium subsidy ranging from 100% to 25% of the premium subsidy amount as specified above. The table on the following pages illustrates the 2015 patient cost-sharing levels that are associated with LIS benefits

## 2015 LIS Patient Responsibility Associated With Medicare PDPs<sup>2,3,4</sup>

	Eligible for Both Medicare and Medicaid (Full Benefit Dual Eligible)*		Eligible for Medicare Savings Program (QMB/SLMB/QI) or SSI, OR Medicare Only (Income < 135% of FPL)*		Eligible for Medicare Only (Income < 150% of FPL)	
Household Size	Single	Married	Single	Married	Single	Married
Income Eligibility†	< \$11,770	< \$15,930	≤ \$15,889.50	≤ \$21,505.50	≤ \$17,655	≤ \$23,895
Resources	Not Subject to Separate Resource Test		≤ \$8,780	≤ \$13,930	≤ \$13,640	≤ \$27,250
Deductible	\$0		\$0		\$66	
Premium Subsidy	100%		100%		Ranges from 75% to 25% depending on income and resources	
Co-payment/ Coinsurance	\$1.20 generic/\$3.60 brand (≤ 100% FPL), OR \$2.65 generic/\$6.60 brand (> 100% of FPL)		\$2.65 generic, \$6.60 brand		15% up to TrOOP‡ limit of \$4,700	
Catastrophic Coverage	\$0		\$0		\$2.65 generic, \$6.60 brand	

\* The LIS income and resource tests for this LIS category do not apply to Full Benefit Dual Eligibles, Medicare Savings Program (Qualified Medicare Beneficiary (QMB)/Specified Low-Income Medicare Beneficiary (SLMB)/Qualified Individual (QI) recipients), or Supplemental Security Income (SSI) recipients. Rather, these categories of beneficiaries are deemed automatically eligible for LIS based on meeting the qualification standards for these other federal programs.

† Includes 2015 Poverty Guidelines for the 48 Contiguous States and the District of Columbia.

‡ TrOOP: True Out-of-Pocket costs, which are the expenses that count toward a person's Medicare drug plan out-of-pocket threshold of \$4,700.



## Income Limits for Premium Subsidy Eligibility<sup>\*†5</sup>

Countable Income	Premium Subsidy
Less than or equal to 135% of FPL and countable resources are less than or equal to \$8,780 for an individual (\$13,930/Married)	100%
Less than or equal to 135% of FPL and countable resources exceed \$8,780 for an individual (\$13,930/Married), but do not exceed \$13,640 for an individual (\$27,250/Married)	100%
Greater than 135% FPL, but not more than 140%	75%
Greater than 140% FPL, but not more than 145%	50%
Greater than 145% FPL, but less than 150%	25%
150% or more	none

### Retroactive reimbursement of Part D costs<sup>1</sup>

The effective date of LIS eligibility is often retroactive for those newly eligible for LIS. The retroactive date may extend to the previous calendar year, and may affect patients who were previously enrolled in a standard Part D plan. The Part D sponsor offering the Part D plan must reimburse all LIS-eligible patients who are found to be retroactively eligible for LIS.

\* Includes 2015 Poverty Guidelines for the 48 Contiguous States and the District of Columbia.

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

## Applying for “Extra Help”

- There is no cost to apply for LIS
- To apply online, visit: <https://secure.ssa.gov/i1020/start>
- To apply by telephone, mail a paper application, or make an appointment at the local Social Security Administration office, call 1-800-772-1213 (TTY users should call 1-800-325-0778)
- To apply through the State Medical Assistance (Medicaid) office, visit <http://www.medicare.gov> to get the contact information for the state office, or call 1-800-MEDICARE (1-800-633-4227) and say “Medicaid” to obtain the telephone number (TTY users should call 1-877-486-2048)
- The application may be filled out online (available only in English) or completed and mailed to the Social Security Administration office. The website includes instructions, in multiple languages, for completing the application

# LIS Enrollment

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## SSA will verify eligibility for LIS

SSA verifies financial information submitted with the application with the Internal Revenue Service. If a patient is determined to be eligible for LIS, CMS will notify the patient as well as the Part D plan in which the patient has enrolled.

## Reassignment when Part D LIS Premiums are too high<sup>6</sup>

CMS has the discretion to reassign LIS patients to a different Part D plan if their current plan will have a premium above the low-income subsidy “benchmark premium” amount in the following year. The “benchmark premium” is the maximum monthly premium that will be paid by CMS for persons qualifying for “Extra Help,” and is updated before the start of each plan year. Some plans may volunteer to waive the amount of the premium above the benchmark, in which case the patient could remain enrolled in his or her current plan.

If a patient’s premiums are too high for the next year, CMS will notify him or her in the autumn before the new plan year begins. These notices will be on **blue** paper, and will instruct patients who are being reassigned because of a premium increase to contact their current plan if they wish to remain with the plan for the coming year. If the patient chooses not to continue with his or her current plan, and does not want to be enrolled in the plan that has been reassigned by Medicare, he or she may select another LIS-eligible plan. A list of LIS-eligible plans in the area will be included in the letter. If a patient chooses to remain with his or her existing plan, he or she may be responsible for the difference in premiums.

## Continued Eligibility<sup>1</sup>

In July of each year, the Centers for Medicare & Medicaid Services (CMS) identifies patients who qualify in the current year and who will continue to be automatically enrolled for the full subsidy in the next calendar year. For patients who do not qualify automatically for the next year, their LIS eligibility ends on December 31 of the current year. However, the Part D sponsor should encourage the individual to apply for LIS, since they may requalify for LIS through the application process.

## Changes in Eligibility<sup>1</sup>

In September of each year, CMS sends a **gray** notice to patients who will not be automatically enrolled for the next calendar year. This notice includes an SSA subsidy application, along with a postage-paid return envelope so the patient can return the completed SSA subsidy application.

In October, CMS sends an **orange** notice to individuals who will continue to qualify automatically for LIS in the next calendar year, but will have a change in their co-payment level triggered by a change in their Medicaid eligibility.

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## Additional Information

The publication *Medicare & You 2015* provides helpful information regarding Part D “Extra Help.” To receive this publication:

- Call 1-800-MEDICARE (1-800-633-4227) (TTY users, call 1-877-486-2048)
- Visit: <http://www.medicare.gov>
- To find out more about LIS, visit: <http://www.socialsecurity.gov/prescriptionhelp>
- To find out more about Medicaid in any state, visit: <http://www.medicaid.gov>
- To find out more about the State Health Insurance Assistance Program, visit: <http://www.shiptalk.org>

## References

1. Centers for Medicare & Medicaid Services. Medicare Prescription Drug Benefit Manual, Chapter 13–Premium and Cost-Sharing Subsidies for Low-Income Individuals. <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/Chapter13.pdf>. Accessed December 9, 2014.
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6. Centers for Medicare & Medicaid Services. Introduction to the Reassignment Notice: Plan Premium Increase Version. <http://www.cms.gov/Medicare/Prescription-Drug-Coverage/LimitedIncomeandResources/downloads/11209.pdf>. Accessed December 9, 2014.

## Notes



Brian Jackson, Untitled  
Artwork from Reflections Art in Health, a user-led charity that promotes positive mental health through the creative arts.