



CALIFORNIA HEALTH ADVOCATES

Low Income Assistance: Extra Help for Part D Costs

The Medicare Modernization Act of 2003 (also known as the MMA) added a prescription drug benefit to Medicare in January 2006. This drug benefit is referred to as Medicare Part D. For more information, see our fact sheet, "Medicare Part D: An Overview."

The law also provides financial assistance with the cost of Medicare Part D prescription drugs for Medicare beneficiaries with low incomes who meet certain income and asset qualifications. This fact sheet discusses this assistance called "extra help," also known as the low-income subsidy (LIS) program.

Benefits of Medicare Part D Extra Help/Low-Income Subsidy (LIS)

The low-income subsidy helps pay for some of Part D prescription drug plan costs, including Part D plan premiums, deductibles and copayments. Depending on your income and resources, you may qualify for the full subsidy or a partial subsidy. (See table below "Eligibility for Extra Help for 2011.") To receive the subsidy, you must enroll in a Medicare Part D plan or a Medicare Advantage prescription drug plan. If you qualify for the LIS, you may change plans once a month anytime during the year.

Applying for the Extra Help/Low-Income Subsidy

Some people are automatically enrolled in the LIS program while others must apply for it on their own. The discussion below describes the different groups.

If you have both Medicare and Medi-Cal

If you have both Medicare and full Medi-Cal benefits, you do not need to apply for the low-income subsidy because you will receive it automatically. Medicare will send you a letter about your automatic enrollment into the subsidy

program. Medicare will also send a separate letter notifying you that if you don't join a plan on your own, Medicare will automatically enroll you in a Part D plan. The letter states: 1) which plan you'll be enrolled in if you don't enroll in one yourself, and 2) your costs in the plan. Since Medicare randomly selects a plan for you and you have the right to choose your own Part D plan, you should find a plan that best meets your needs.

If you have Medi-Cal with a Share of Cost

If you have Medi-Cal with a Share of Cost (SOC), you may qualify for the low-income subsidy program. Unlike people who have full Medi-Cal benefits, you do not *automatically* qualify for the LIS, unless you meet your SOC (see next paragraph). If you do not meet your SOC, you may apply for the LIS online at socialsecurity.gov, by phone at 1-800-772-1213 or in person at a Social Security office. If you need help applying, please contact your local HICAP office at 1-800-434-0222.

If you meet your Medi-Cal SOC for any one month between January 1 and June 30, you automatically qualify for the LIS program for the rest of the calendar year. If you meet your SOC for any one month between July 1 and December 31, you automatically qualify for the LIS for the rest of the calendar year and the following year. For more information about Medi-Cal with SOC, see our fact sheet, "Low Income Assistance: Medi-Cal (for People with Medicare)."

If you are enrolled in a Medicare Savings Program

You also get the LIS automatically if you are enrolled in any one of these Medicare Savings Programs (MSPs): Qualified Medicare Beneficiary (QMB); Specified Low-Income Medicare Beneficiary (SLMB); and Qualified Individual (QI).

If you do not choose one your own Part D plan, you will be enrolled into a Part D plan a couple of months after you are first eligible for the Part D

benefit. For more information, see our fact sheet, “Medicare Savings Programs.”

If your income is below 150% of the federal poverty level (FPL)

If you do not have Medi-Cal or Medi-Cal with a SOC or any MSP mentioned above, you may also qualify for the LIS but you have to apply on your own. If your income and resources meet the requirements (see table below “Eligibility for Extra Help for 2011”), you may qualify for the LIS. For help applying for the LIS, contact your local HICAP at 1-800-434-0222.

There are different levels of subsidy. If your income is between 135-150% of the FPL, you may receive a partial subsidy as shown on the table below (“Eligibility for Extra Help in 2011.”) With the partial subsidy, you may have to pay a percentage of the premium (depending on your income) and a deductible, even if you enroll in a benchmark plan (explained below).

If you apply for and are found eligible for the LIS program, Medicare will enroll you in a Part D plan if you have not already chosen one yourself.

Retiree coverage

Beneficiaries with low incomes who have prescription drug coverage as a retiree benefit should check with the company that processes their retiree benefits before they sign up for the LIS or a Medicare Part D plan. Some low-income retirees are able to keep their retiree coverage and also have a Part D plan with the LIS, while others are not.

Medicare Advantage plan enrollment

You can also receive the low-income subsidy if you enroll in a Medicare Advantage plan with prescription drug coverage. The subsidy reduces the premium that goes toward the prescription drug benefit. But you may be fully responsible for the premium for medical and hospital benefits. See our fact sheet, “Medicare Advantage (Part C): An Overview.”

Benchmark Plans

Basic Medicare Part D plans whose premiums are below the average premium in California are referred to as benchmark plans. The benchmark or average premium in California in 2011 is \$32.35. The full low-income subsidy covers the premium and deductible of benchmark plans. This means if you receive the full LIS subsidy, you do not pay a premium or deductible if you enroll in a benchmark plan. You are, however, still responsible for copayments of \$1.10-\$6.30 for each covered medication.

The Benchmark Plans for 2011 are:

Bravo Rx

mybravohealth.com

1-800-821-7513

Health Net Orange Option 1

healthnet.com

This plan is under sanction by Medicare and is suspended from marketing and recruiting new enrollees until further notice.

Humana, Inc.

Humana-medicare.com

1-800-883-0632

Advantage Star Plan by RxAmerica

meds4medicare.com

1-800-429-6686

WellCare Classic

wellcarepdp.com

1-888-293-5151

If you qualify for the full low-income subsidy, you may enroll in a Medicare Part D plan whose premiums are higher than the benchmark. If you do, you pay the difference between the subsidy (\$32.35) and the plan's premium plus other costs not covered by a basic plan.

Eligibility for Extra Help/LIS for 2011

You are *automatically* enrolled in a drug plan with Extra Help for 2011 if you qualify for full Medi-Cal or a Medicare Savings Program (QMB, SLMB or QI) and:

Your Income is ...	Your resources are at or below...	You Pay (for the benchmark plans listed above)
at or below 100% of the federal poverty level (FPL): Single \$908 a month, \$10,890 a year Couple \$1,226 a month, \$14,710 a year e.g. those in QMB program or get SSI	Single \$6,680 Couple \$10,020	No monthly premium No deductible Copayments up to \$1.10/generic and \$3.30/brand-name. No copayments during catastrophic coverage. Note: People with Medi-Cal who are living in a nursing home have no copayments.
more than 100% but under 135% of the FPL: Single \$1,225 a month, \$14,702 a year Couple \$1,655 a month, \$19,859 a year e.g. those in SLMB or QI or Medi-Cal A&D	Single \$6,680 Couple \$10,020	No monthly premium No deductible Copayments up to \$2.50/generic and \$6.30/brand-name. No copayments during catastrophic coverage.
over 135% of the FPL <u>and</u> you met your Medi-Cal Share of Cost any one month as of July 1, 2010: Single >\$1,218 a month, \$14,621 a year Couple >\$1,639 a month, \$19,670 a year	Single \$2,000 Couple \$3,000	No monthly premium No deductible Copayments up to \$2.50/generic and \$6.30/brand-name. No copayments during catastrophic coverage.

To get Extra Help,¹ you may apply through the Social Security Administration for 2011 and:

Your Income is...	Your resources are at or below ² ...	You Pay (for the Plans Listed Above)
below 135% of the FPL: Single \$1,225 a month, \$14,702 a year Couple \$1,655 a month, \$19,859 a year	Single \$8,180 Couple \$13,020	No monthly premium No deductible Copayments up to \$2.50/generic and \$6.30/brand-name. No copayments during catastrophic coverage.
below 135% of the FPL: Single \$1,225 a month, \$14,702 a year Couple \$1,655 a month, \$19,859 a year	Single \$12,640 Couple \$25,260	No monthly premium \$63 deductible 15% coinsurance. Copayments up to \$2.50/generic and \$6.30/brand-name during catastrophic coverage.
above 135% but below 150% of the FPL: Single \$1,361 a month, \$16,335 a year Couple \$1,839 a month, \$22,065 a year	Single \$12,640 Couple \$25,260	Sliding scale monthly premiums \$63 deductible 15% coinsurance. Copayments up to \$2.50/generic and \$6.30/brand-name during catastrophic coverage.

¹ You must also enroll in a Medicare Part D drug plan to receive Extra Help/LIS.

² These resource limits include \$1,500 per person for burial expenses.