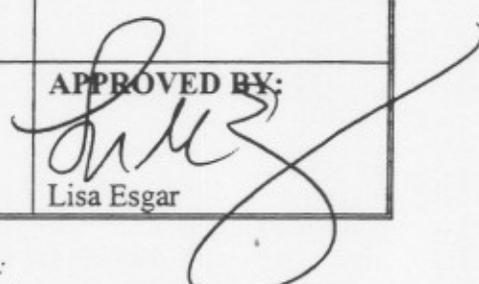


Colorado Department of Health Care Policy and Financing 1570 Grant St., Denver, CO 80203-1818	NUMBER: HCPF 05-010
	CROSS REFERENCE:
DIVISION OR OFFICE: Operations and Finance Office	DATE: July 15, 2005
SUBJECT AREA: Medicare Part D	
SUBJECT: Low Income Subsidy Application	APPROVED BY:  Lisa Esgar
TYPE: Procedural	

*HCPF Agency Letters can be accessed online at:
www.chcpf.state.co.us >>Reference Material >>Agency Letters*

Purpose:

The purpose of this agency letter is to advise counties of the new low-income subsidy available under Medicare Part D, the new prescription drug benefit. Please share this agency letter with all affected Adult, LTC and MSP Medicaid eligibility staff, supervisors and outside agencies as appropriate. For general information regarding the Part D prescription drug benefit, see Agency Letter Number HCPF 05-009.

Background:

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) establishes a new Part D program for drug coverage. The program will become effective January 1, 2006. The low-income subsidy will assist some Medicare beneficiaries who have limited financial means to pay for Medicare prescription drug coverage under the Medicare Part D program. Some beneficiaries will automatically be eligible for the low-income subsidy while others will be required to submit an application to determine if they are eligible.

The federal government is advertising the low income subsidy as "extra help." Clients may use this term when approaching counties for assistance. This extra help depends on certain criteria, but in general helps pay for deductibles, gaps in coverage, monthly premiums, and co-payments. This extra help is only available to people with low incomes. This extra help will be as follows:

- If the client's annual income is below \$14,355 for an individual (\$19,245 for a married couple living together), he/she may not have to pay monthly premiums or deductibles, and could pay as little as \$2 for co-payments.
- Even if his/her annual income is higher, (that is, if the client supports other family members who live with the client or has earnings from work) the client still may be able to get some help with monthly premiums, annual deductibles, and prescription co-payments.

- To qualify, the client's resources or assets must be limited to \$10,000 for an individual (\$20,000 for a married couple living together). These resource limits can be slightly higher (an additional \$1,500 per person) if the client will use some of the money for burial expenses. Resources include such things as bank accounts, stocks and bonds. The subsidy does not count house and car as resources.

People with Medicare and income below 150% of the federal poverty level and resources up to \$11,500 for an individual or \$23,000 for a couple will only pay a \$50 yearly deductible, 15% coinsurance up to a \$3,600 in out-of-pocket spending, and a sliding-scale premium based on income between \$0 and about \$37. Once copayments plus the amount Medicare pays as the extra help reach \$3,600, clients will have nominal co-payments of up to \$2 or \$5 per prescription.

People with Medicare and income below 135% of the federal poverty level and resources of \$7,500 for an individual or \$12,000 for a couple will pay no premium or deductible and will have nominal copayments of up to \$2 for generics and preferred drugs and \$5 for other drugs. Once their copayments, plus the amount Medicare pays as the extra help, reach \$3,600, they will pay nothing for their prescriptions.

People with Medicare, full Medicaid benefits, and income at or below 00% of poverty, will have copayments of up to \$1 for generics and preferred multiple source drugs and up to \$3 for other drugs. Again, once their copayments, plus the amount Medicare pays as the extra help, reach \$3,600, they will pay nothing for their prescriptions.

People with Medicare, full Medicaid benefits, and income above than 100% of poverty, will have copayments of up to \$2 for generics and preferred multiple source drugs and up to \$5 for other drugs. There are no copayments after the amount Medicare pays as the extra help plus prior copayments reaches \$3,600.

People with Medicare and full Medicaid benefits and who reside in an institution pay no premiums, no deductibles, no coinsurance, and no copayments.

For your information, Medicare beneficiaries who do not receive any extra help will have a monthly premium of about \$37, a yearly deductible of \$250, copayments of 25% percent up to an initial coverage limit of \$2250, protection against high out-of-pocket prescription drug costs, with co-payments of generally \$2 for generics and preferred drugs and \$5 for all other drugs, or 5% of the price, once the enrollee's yearly out-of-pocket spending reaches \$3,600. However, certain drug plan sponsors may change some of the specifications.

The Social Security Administration (SSA) has begun a mass mailing of low-income subsidy applications to Medicare beneficiaries who may be eligible for the subsidy. The applications will continue to be mailed through mid-August 2005. Beginning July 1, 2005, SSA and the states are required to accept and process applications for the subsidy/extra help with prescription drug costs under the MMA. This is not a Medicaid program; it is a Medicare program.

Procedure/Information:

There are two places where clients are allowed by federal law to apply for low-income subsidy, or extra help. The Social Security Administration has developed a comprehensive and user-friendly system for application. Individuals who are not deemed eligible (see below) may apply by filing an Social Security Application (SSA) by mail, telephoning SSA, applying through SSA on the Internet at www.ssa.gov, or visiting a Social Security Administration office and applying in person. However, the other place individuals can apply for low income subsidy is at a Medicaid Eligibility Site.

The Department of Health Policy and Financing knows that there is a financial burden to this additional workload and will continue to address those issues with the Governor's Office of State Planning and Budgeting and the Joint Budget Committee. However, it is known that all subsidy applications taken on the SSA application (SSA-1020), whether mailed, phoned, done on the internet, or sent by a county to SSA, become the responsibility of SSA for the eligibility determination and all subsequent case activity (i.e., notices, appeals, redeterminations). The Department asks that you encourage all clients who come into or contact your office to complete the SSA application. Even though Medicare clients will receive applications in the mail from SSA, please order some from SSA (see contact information below) and have them available for clients. Counties are asked to please assist clients in completing the applications if necessary. Counties could also help the client complete an internet application or to call SSA. This assistance would be greatly appreciated. Counties can batch up written applications and mail them to SSA. **When counties help clients use any of these means to file applications with SSA, the State and the counties will not experience the extra costs of noticing, appeals, redeterminations.**

Because the SSA-1020 is an electronically scannable document, counties CANNOT photocopy the SSA-1020 to increase the State's supply of the form. Also, please do not use date stamps. Date stamps interfere with the scannability of the form. Enter a hand-written date in the "For Official Use Only" box on page 2, showing the date the form is completed.

Clients are allowed by law to "insist" on a State Determination. If a client insists that the SSA not be involved in his/her determination, the county must accept a State Application. In these cases, we are also federally mandated to process these clients for the Medicare Savings Programs. Clients who insist on a State determination should be entered into CBMS. If the client is approved for QMB, SLMB or QI1 and accepts the program there is no need to continue with the Low Income Subsidy as this client will be deemed eligible. In this case, tell the client that he/she has been approved for Low-Income Subsidy and will receive information soon from the federal government.

If the client declines or is denied for the QMB, SLMB or QI1, until changes are made in the Colorado Benefits Management System (CBMS), counties must forward the hard copy, Part I and Part II of the State's Single Purpose Application, to:

Department of Health Care Policy and Financing
Client Services Division
1570 Grant St
Denver, CO 80203-1818

In these cases, expected to be rare, the Department will be required to process the application and make a determination. The State and the counties will be responsible for noticing, appeals, redeterminations. The Department is still working out the details of the temporary manual system. More information and training will be provided to the counties after the temporary manual system is finalized and once the application is available in CBMS.

Beneficiaries who are "deemed" eligible for the subsidy do **not** need to apply for the subsidy/extra help anywhere. CMS will automatically provide the assistance.

Deemed Eligible Population – Medicare/Medicaid dual eligibles, SSI/Medicare recipients and those covered by Medicare Savings Programs (QMB, SLMB and QI) are deemed eligible for assistance. States and the Social Security Administration will identify to CMS the deemed population and CMS will consider them automatically eligible for the subsidy. CMS has notified the deemed population in May and June 2005 advising them they are eligible and there is no need for them to file an application for the subsidy/extra help with prescription drug costs.

Beneficiaries who are not deemed eligible for assistance may apply for the subsidy/extra help. They must have limited resources and income below 150% of the Federal Poverty Level to be eligible. It is likely that there will be confusion from clients, and perhaps some data errors regarding who is deemed or not. Please contact the department at the numbers below if you encounter a client who should have been deemed for a subsidy, but was told by CMS he/she had to apply, or vice versa.

A screening tool to assist in determining eligibility for the subsidy/extra help with prescription drug costs, called the subsidy qualifier, is available on the Internet at www.socialsecurity.gov and can be used prior to filing the application to determine if a beneficiary is eligible. An SSA application (SSA-1020) should be completed if there is any doubt as to eligibility, regardless of what the screening tool results show. SSA will call clients if there are questions about resources or assets. Additional, training information and tools are also available on the Internet at www.socialsecurity.gov.

If the scannable paper application is used, mail the completed form to the Social Security centralized processing location in Wilkes-Barre, Pennsylvania. The address is

Social Security Administration
Wilkes Barre Data Operations Center
PO Box 1020
Wilkes Barre, PA 18767-9910

If applicants have questions concerning the Medicare Part D low-income subsidy, please assist them if possible. In addition, counties or clients can:

- Call Social Security Administration at 1-800-772-1213
TTY users should call 1-800-325-0778
- Visit www.socialsecurity.gov on the web

The Department will be establishing a call unit for clients with questions about 1) the terminating Medicaid prescription coverage, and 2) low income subsidy, soon after July 1, 2005 and it will be in place for 1 year. Once this number has been established, the Department will notify you immediately. In the meantime, clients or counties can contact Medicaid Customer Service at (303) 866-3513 (Metro Denver), or 1-800-221-3943 (outside the Denver Metro Area). Note that this call line, nor anyone at the Department, will be able to answer any questions about specific prescription drug plans, enrolling in a drug plan, or the Medicare benefits. These questions must be directed to Medicare either:

- Call Medicare at 1-800-MEDICARE (1-800-633-4227)
- Visit www.medicare.gov on the web

Effective Date:

Federal mailings began May 2005. Application processing for low income subsidy can begin July 1, 2005.

Enrollment into Prescription Drug Plans begin November 15, 2005 – May 15, 2006.

Medicare Part D prescription coverage begins January 1, 2006. Medicaid prescription coverage ends December 31, 2005.

Contact Persons:

Heather Hewitt, Adult Medical Assistance Specialist
303-866-5600
heather.hewitt@state.co.us

Medicaid Customer Service
303-866-3513 (Metro Denver), or
1-800-221-3943 (outside the Denver Metro Area).

To order application forms, contact Social Security and ask for the *Application for Help with Medicare Prescription Drug Plan Costs (SSA-1020)*.

- Social Security Administration at 1-800-772-1213
(TTY 1-800-325-0778)