



CMA Weekly Alert – May 25, 2006

IT'S NOT TOO LATE TO GET MEDICARE PART D “EXTRA HELP”

Even though the Medicare Part D May 15th enrollment deadline has come and gone, not all Medicare beneficiaries are now precluded from signing up for a prescription drug plan. Anyone found eligible for the Part D low income subsidy, known as “Extra Help,” can enroll in a drug plan any time this year. Coverage is effective the month following enrollment.

This Alert discusses the eligibility rules for Extra Help, the extent of help provided, the process for applying, and the process for “facilitated” enrollment of those beneficiaries with the subsidy who do not choose their own Part D plan.

SUMMARY OF FULL AND PARTIAL EXTRA HELP SUBSIDIES

Full Subsidy

Who’s Eligible? Those entitled to the full subsidy are:

- People receiving both Medicare and Medicaid (dual eligibles);
- Those receiving benefits from a Medicare Savings program;
- People receiving Supplemental Security Income; and
- People with incomes up to 135% of the federal poverty level (about \$1,100/month for an individual/\$1,485 for a couple in 2006) and resources of about \$7,500 for an individual/\$12,000 for a couple.

NOTE: Not everything counts in measuring income and resources (your house, all vehicles, and household possessions are exempt, among other things), so if you are close to the limit, you should apply.

What’s the Subsidy? Individuals enrolled in an average cost plan for their region who are entitled to the full subsidy will:

- Pay no premium;
- Pay no deductible;
- Pay \$0 to \$5 per prescription in co-pays; and
- Have no coverage gap (known as the “doughnut hole”) and no co-pays at all after their out-of-pocket costs, together with the subsidy, equal \$3600.

Partial Subsidy

Who's Eligible? Those entitled to partial subsidy are:

- People with income up to 150% of the federal poverty level (about \$1,225 for an individual/ \$1,650 for a couple in 2006) and resources of about \$11,500 for an individual/\$23,000 for a couple.

What's the Subsidy? Those entitled to the partial subsidy will:

- Pay a sliding scale portion of the average premium;
- Have a \$50 deductible (instead of \$250 for those without any subsidy);
- Pay 15% co-insurance (instead of 25% for those without subsidy);
- Have no coverage gap (“doughnut hole”); and
- Pay the greater of \$2/5 co-payments or 5% co-insurance after their out-of-pocket costs and the subsidy together reach \$3600.

APPLYING FOR THE SUBSIDY

People can apply for the subsidy at any time during the year.

Applying Through the Social Security Administration (SSA)

Anyone can apply for the subsidy by going to a local SSA office, by calling SSA (1-800-772-1213), or by going on-line (www.ssa.gov/prescriptionhelp, then click on “apply for help”). Many community-based organizations are also able to assist individuals in applying, using the SSA application form (to find such an organization near you, go to www.accesstobenefits.org and put in your state's abbreviation on the homepage). Once you have applied, SSA will process your application and send you a letter telling you whether you are eligible for Extra Help. If you are not, they will tell you why they think you are not, and how you can appeal their decision.

Applying Through the State Medicaid Agency

Beneficiaries can also apply for the subsidy at their state Medicaid agency. Although the state is allowed to use the SSA application process and merely forward the application to SSA, there may be good reason to go to your state rather than to SSA.

- First, the state, but not SSA, must also screen you to see if you are eligible for Medicaid or for a Medicare Savings Program (MSP) that would pay for some, or all, of your Medicare cost-sharing. You may, thus, come away with useful benefits for more programs than Part D.
- Second, people who get MSP benefits are automatically eligible for the full Part D subsidy, without having to apply separately. Since a few states have eligibility rules for their MSPs that are more generous than the rules for the low-income subsidy under Part

D, MSP may be a path to subsidy eligibility for someone who would not otherwise qualify for the subsidy.

For example, four states, Alabama, Arizona, Delaware and Mississippi, have no resource test for their MSPs. Someone with limited income but resources over the subsidy level of \$11,500 could become eligible for MSP in those states and also qualify automatically for the low-income subsidy under Part D.

Other states have less dramatic differences in their rules, but they may have rules that would benefit particular individuals. For a more extensive discussion of the rules for the subsidy and the rules for MSP, see a report by the Center for Medicare Advocacy, Inc., “Making Medicare Work for Low-Income Beneficiaries: A Baseline Comparison of the Part D Low-Income Subsidy and Medicare Savings Programs Eligibility and Enrollment Rules” (www.kff.org/medicare/7519.cfm).

As noted above, the state is allowed, for the subsidy application, to use SSA’s forms and processes. However, the state must also have its own process. You may ask the state to use its process, and the state must do so. You will want to ask the state to use its own process if you believe that you will be treated more fairly or expeditiously by that process.

WHAT HAPPENS AFTER YOU ARE FOUND ELIGIBLE FOR EXTRA HELP?

After you are found eligible for Extra Help, you will have an opportunity to enroll in a Part D plan, since the Extra Help is of no value if you are not in a plan. If you do not choose a plan, the Centers for Medicare & Medicaid Services (CMS), the agency that administers Medicare and Part D, will choose a plan randomly for you. You will be enrolled in a plan by CMS within two months after CMS learns of your eligibility for Extra Help. The plan CMS chooses may not include all your drugs. If you are enrolled by CMS and you have not chosen a plan yourself, you will have one chance to change plans before the end of the year (people with full Medicaid and people with MSP benefits can change at any time, not just one time). Unlike those people who do not qualify for Extra Help, you will *not* have to pay a penalty for late enrollment for 2006, even if you choose and enroll in a plan after the May 15 deadline.

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