

**DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR**

**ACTION REFERRAL**

TO <i>Jacobs</i>	DATE <i>8-12-08</i>
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DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER  <i>100084</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____  <input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____  <input type="checkbox"/> FOIA DATE DUE _____  <input checked="" type="checkbox"/> Necessary Action		
2. DATE SIGNED BY DIRECTOR  <i>cc: Ms. Forkner, Depo</i>			

APPROVALS <small>(Only when prepared for director's signature)</small>	APPROVE	* DISAPPROVE <small>(Note reason for disapproval and return to preparer.)</small>	COMMENT
1.			
2.			
3.			
4.			

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-14-26  
Baltimore, Maryland 21244-1850

*Log: Jacobs*  
*WHA*  
*cc: Harkner, Dep*



Center for Medicaid and State Operations  
Disabled and Elderly Health Programs Group (DEHPG)



JUL 3 1 2008

AUG 1 1 2008

Dear State Medicaid Director:

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

On June 5, 2008, we wrote to you about important developments in the process for re-determining eligibility for the Medicare Part D Low Income Subsidy (LIS). This follow up letter provides more details about this process and information about the notification to the States of individuals who are losing their LIS status in 2008.

### Background

The low-income subsidy provides extra help for people with Medicare who have limited income and resources to help pay their Medicare prescription drug plan costs (plan monthly premiums, co-payments and the annual deductible). Certain groups of Medicare beneficiaries automatically qualify (are deemed eligible) for LIS, including full-benefit dual eligible individuals, partial dual eligible individuals (Qualified Medicare Beneficiaries (QMB-only), Specified Low-Income Medicare Beneficiaries (SLMB-only), Qualifying Individuals (QI)), and people who receive Supplemental Security Income (SSI) benefits but not Medicaid. Other individuals with limited incomes and resources who do not automatically qualify can apply for a low-income subsidy and have their eligibility determined by either the Social Security Administration (SSA) or their State Medicaid Agency. Table 1 provides an overview of how people qualify for LIS.

*Table 1. Overview of how people qualify for LIS*

People with Medicare and	Basis	Data Source	Changes During the Year
Medicaid benefits <ul style="list-style-type: none"><li>• Full Medicaid benefits</li><li>• Partial Dual (QMB-only, SLMB-only, QI)</li></ul>	Automatically qualify	State files	<ul style="list-style-type: none"><li>• Qualify for a full calendar year</li><li>• Generally only favorable changes will occur</li></ul>
		SSA	
SSI benefits		SSA	<ul style="list-style-type: none"><li>• Some events can impact status through the year</li><li>• Extra help can increase, decrease, or terminate</li></ul>
Limited Income and Resources	Must apply	(almost all) or states	

**Process for Re-determining LIS Eligibility for People who Automatically Qualify**

In July 2008, CMS began determining if individuals who automatically qualify (are deemed eligible) for LIS in 2008 will automatically qualify for LIS in 2009. The purpose of this process is to identify beneficiaries who will continue to qualify automatically during the calendar year 2009. This “redeeming” process starts with the July State MMA files and the August file of SSI recipients and continues throughout the year if an individual is later reported by a State in its MMA file or SSA. If someone is no longer reported on these files as being eligible as a full-benefit dual eligible, partial dual eligible (QMB-only, SLMB-only, QID), or SSI recipient, his/her LIS will end on December 31, 2008.

Since Congress has extended the QI program through December 2009, we remind States that any QI beneficiaries who you may have removed from the State MMA files in July should be added back to the file as soon as possible.

**CMS Communications**

In mid to late September, individuals who no longer qualify for LIS automatically in 2009 will receive, in a joint mailing from CMS and SSA, a personalized letter on grey paper from CMS explaining this loss of LIS and an SSA application for extra help to complete and return in an enclosed postage-paid envelope.

In early October, individuals who will continue to qualify automatically for LIS in 2008 but will have a change in their co-payment level for 2009 will receive a personalized letter on orange paper from CMS outlining the changes that will be effective January 1, 2009.

Those individuals who continue to qualify in for LIS in 2009 at the same cost sharing level will not receive a notice. Model versions of these notices, along with a beneficiary fact sheet and partner tip sheet, will be available in August at <http://www.cms.hhs.gov/LimitedIncomeandResources/LISNoticesMailings/list.asp#Top> OfPage. It is important to note that if any individual whom we had notified as losing their LIS in 2009 becomes newly eligible for Medicaid in future months, CMS will mail them a new letter informing them that they now automatically qualify for LIS.

**State Notification**

During the week of September 22, 2008, CMS will be forwarding a file containing information about individuals in their respective States who are being notified as losing their deemed LIS status. The information will be provided in accordance with the attached file layout. (Attachment A).

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We encourage States to use these files to determine whether any individuals included on the file are, in fact, eligible for Medicaid and can be reported in a subsequent State MMA file, which will re-establish that beneficiary's deemed LIS status for calendar year 2009. If, on the other hand, an individual does not appear on any future State MMA files, we can work together to educate beneficiaries about their options and encourage them to file a LIS application with SSA.

CMS is providing the resources and assistance people need to make sure that everyone who qualifies gets help paying for Medicare prescription drug coverage. In support of this effort, we are working with your offices, SSA, State Health Insurance and Assistance Programs (SHIP), physicians and pharmacists, prescription drug plans and hundreds of partner organizations across the country to reach beneficiaries with messages and guidance. Our customer service representatives at 1-800-MEDICARE are prepared to answer questions and to guide beneficiaries through the process of applying for LIS and relevant information is posted on consumer website, [www.medicare.gov](http://www.medicare.gov).

Contact Information

Again, we thank you for your continued assistance in ensuring dual eligible beneficiaries have timely, affordable, and comprehensive coverage under the Medicare Part D prescription benefit. For questions about the LIS re-determination process, please contact Tracey Baker via email at [tracey.baker@cms.hhs.gov](mailto:tracey.baker@cms.hhs.gov) or by telephone at 410-786-7794.

Sincerely,



*Gale P. Arden*  
Director

Attachment

cc:

CMS Regional Administrators

CMS Associate Regional Administrators,  
Division of Medicaid and Children's Health

Ann C. Kohler  
NASMD Executive Director  
American Public Human Services Association

Page 4- State Medicaid Director

Joy Wilson  
Director, Health Committee  
National Conference of State Legislatures

Matt Salo  
Director of Health Legislation  
National Governors Association

Debra Miller  
Director for Health Policy  
Council of State Governments

Christie Raniszewski Herrera  
Director, Health and Human Services Task Force  
American Legislative Exchange Council

Barbara Levine  
Director of Policy and Programs  
Association of State and Territorial Health Officials

# Attachment A

## Header Record – Annual State File for Beneficiaries Who Lost Deeming Status

Data Element Name	Format	Position	Valid Values/Remarks
Header Code	X(6)	1 – 6	DEEMLS
State Code	X(2)	7-8	Valid Value: Postal State Code
Sending Entity	X(8)	9-16	CMS; next five positions are padded with spaces
Run Date of File	X(8)	17–24	CCYYMMDD
File Control Number	X(9)	25-33	
Filler	X(567)	34-600	Spaces

## Beneficiary Record – Annual State File for Beneficiaries Who Lost Deeming Status

Data Element Name	Format	Position	Valid Values/Remarks
Record Type	X(3)	1-3	DTL
Beneficiary Health Insurance Number	X(12)	4-15	
Representative Payee Name	X(40)	16-55	Spaces if no Representative Payee
Beneficiary's Name	X(40)	56-95	
Beneficiary's Address Line 1	X(40)	96-135	
Beneficiary's Address Line 2	X(40)	136-175	
Beneficiary's Address Line 3	X(40)	176-215	
Beneficiary's Address Line 4	X(40)	216-255	
Beneficiary's Address Line 5	X(40)	256-295	
Beneficiary's Address Line 6	X(40)	296-335	
Beneficiary's City, State and Zip Code	X(40)	336-375	City Length = 27 State Length = 3 Zip Length = 10
Cluster Identification Code	X(14)	376-389	
Beneficiary's Date Of Birth	X(8)	390-397	CCYYMMDD
Beneficiary's Social Security Number	X(9)	398-406	Fill with spaces if SSN does not exist
Filler	X(132)	407-538	
Deemed Co-Payment Level for Current Calendar Year	X(1)	539	Valid Values: 1, 2, 3
Deemed Co-Payment Level for Next Calendar Year	X(1)	540	Spaces
Deemed Reason Code for Current Calendar Year	X(2)	541-542	Valid Values: 1, 10, 2A
Deemed Reason Code for Next Year	X(2)	543-544	Spaces
Deemed Start Date for Current Calendar Year	X(8)	545-552	MMDDCCYY
Deemed End Date for Current Calendar Year	X(8)	553-560	MMDDCCYY

Filler	X(40)	561-600	Spaces
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**Trailer Record – Annual State File for Beneficiaries Who Lost Deeming Status**

<b>Data Element Name</b>	<b>Format</b>	<b>Position</b>	<b>Valid Values/Remarks</b>
Trailer Code	X(6)	1 – 6	TRLRLD
State Code	X(2)	7-8	Valid Value: Postal State Code
Sending Entity	X(8)	9 – 16	CMs; next five positions are padded with spaces
Run Date of File	X(8)	17-24	
File Control Number	X(9)	25-33	
Record Count	X(9)	34-42	
Filler	X(558)	43-600	Spaces