


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

**ACTION REFERRAL**

TO	DATE
<u>Jacobs</u>	<u>6-29-10</u>

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER  <u>5011509</u>	<input type="checkbox"/> I Prepare reply for the Director's signature DATE DUE _____  <input type="checkbox"/> I Prepare reply for appropriate signature DATE DUE _____  <input type="checkbox"/> I FOIA DATE DUE _____  <input checked="" type="checkbox"/> Necessary Action
2. DATE SIGNED BY DIRECTOR  <u>cc: Ms. Forbush, Deps, CMS file</u> 	

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



**Center for Medicaid, CHIP, and Survey & Certification  
Disabled and Elderly Health Programs Group (DEHPG)**

**RECEIVED**

JUN 28 2010

JUN 22 2010

Dear State Medicaid Director:

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

The Centers for Medicare & Medicaid Services (CMS) is now preparing for the annual re-determination of Medicare Part D low-income subsidy (LIS) deemed status, also known as “re-deeming.”

**General Background**

The Medicare LIS provides extra help for beneficiaries who have limited income and resources to help pay their Medicare prescription drug plan’s premiums, co-payments and the annual deductible. Medicare beneficiaries who automatically qualify (are deemed eligible) for LIS include 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. Additionally, individuals with limited incomes and resources who do not automatically qualify can apply for a LIS and have their eligibility determined by either the Social Security Administration (SSA) or their State Medicaid agency. Details on the LIS benefit may be found in Chapter 13 of the Medicare Prescription Drug Benefit Manual, on our website at <http://www.cms.gov/PrescriptionDrugCovContra/Downloads/R7PPDB.pdf>.

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

In July of each year, CMS will begin the process of determining if beneficiaries with LIS in the current calendar year will automatically qualify for LIS in the next calendar year. During this time, CMS will use State Medicare Modernization Act (MMA) and SSA files to initiate the eligibility process in re-deeming full dual and partial dual eligible individuals and SSI-only eligible individuals.

Individuals reported as full-benefit dual eligible beneficiaries, partial dual eligible beneficiaries (QMB-only, SLMB-only, or QI), or SSI recipients for any month between July and December of the current year will have their LIS deemed status extended to December 31 of the next calendar year. For example, if a beneficiary is determined to have full or partial dual status in July 2010, their eligibility will be extended to December 31, 2011. Additionally, a beneficiary’s co-payment level for 2011 will be determined by type of dual eligibility, income, and institutional status reported in or after July 2010.

The CMS will continue to look for individuals whom States report as full or partial duals after July and will re-deem them for the next calendar year. For example, if a beneficiary is reported on a September MMA file as retroactively eligible for just the month of August 2010, the person will be re-deemed for 2011; if a person is reported on that same file as retroactively eligible for only May 2010, s/he will not be re-deemed for 2011.

Finally, if a beneficiary was previously deemed eligible for LIS based on State data, but does not appear as subsidy-eligible in July or subsequent State MMA files, s/he will not be re-deemed for the next calendar year. Deemed status will end on December 31 of the current calendar year.

### **Notices to Beneficiaries**

In September, CMS and SSA will issue a joint mailing to beneficiaries whose deemed status will not continue into the next calendar year based on their absence from the State's July or August State MMA files or SSA's August file. This mailing will include a personalized letter on gray paper from CMS explaining their loss of LIS, an SSA application for extra help, and a postage-paid return envelope to assist the individual in re-establishing eligibility for the subsidy for the following calendar year.

In early October, individuals whose LIS will continue but will have a change in their co-payment level in the next calendar year will receive a personalized letter on orange paper from CMS outlining the changes that will be effective January 1.

If any individual who received a gray notice informing them of their loss of deemed status subsequently becomes newly eligible for Medicaid in future months, CMS will mail them a new letter on purple paper informing them that they now automatically qualify for LIS.

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#TopOfPage>.

Please note that individuals who continue to qualify for LIS without any change to their copayment level in 2011 will not receive a notice.

### **CMS Notification to States**

In September, CMS will provide a file to States identifying residents who are being notified of their loss of deemed status effective January 1. The file layout is on our website at [http://www.cms.gov/LowIncSubMedicarePresCov/03\\_RedeterminingEligibilityfortheLow-IncomeSubsidy.asp#TopOfPage](http://www.cms.gov/LowIncSubMedicarePresCov/03_RedeterminingEligibilityfortheLow-IncomeSubsidy.asp#TopOfPage). We will notify you separately of the specific date that the file will be sent.

In addition to identifying those who will lose deemed status, CMS will also provide data to States on those dual eligibles who are successfully re-deemed for LIS for 2011. These 2011 spans will appear on MMA response files to States starting in July. The following data will appear in the response file when the beneficiary has been re-deemed:

- Beneficiary Copay Type = D
- Beneficiary Copay Level = 1, 2, or 3
- Copay Start Date = 01/01/2011
- Copay End Date = 12/31/2011

**What Do States Need to Do?**

We cannot overemphasize the importance of the accuracy and completeness of State MMA files submitted starting in July for the process of re-determining deemed status. States' inclusion or exclusion of beneficiaries from their July through December 2010 MMA files will determine whether those beneficiaries will be deemed eligible for the low-income subsidy for 2011.

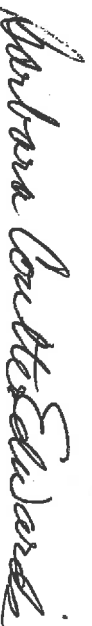
We strongly recommend that States use the information in our September file identifying those who will lose LIS deemed status to screen these individuals for eligibility for Medicaid or any of the Medicare Savings Programs, or to work with them to apply for LIS.

**Additional Information**

The CMS will continuously provide the resources and assistance people need to make sure that everyone who qualifies receives 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 (SHIPs), physicians, 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 our consumer website, [www.medicare.gov](http://www.medicare.gov).

The CMS appreciates States' continued assistance in ensuring that dual eligible beneficiaries have timely, affordable, and comprehensive coverage under the Medicare Part D prescription drug benefit. For further information about the LIS re-deeming process, please contact Tracey Baker at 410-786-7794 or at [tracey.baker@cms.hhs.gov](mailto:tracey.baker@cms.hhs.gov).

Sincerely,



Barbara Coulter Edwards  
Director

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cc:

CMS Regional Administrators

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

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American Public Human Services Association

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