

Medicare Part D Low Income Subsidy

Certain Medicare beneficiaries who have low income and few if any assets may get financial assistance with paying the Part D premiums, deductibles and copayments. Medicare beneficiaries who have filed an application for Extra Help, have countable income less than 150 percent of the Federal poverty level (FPL) for his or her family size, have resources within the limits and who are enrolled in a Part D plan or MA-PD will be eligible for reduced or no monthly premiums, reduced or no deductibles and limited copayments. The amounts of subsidies for Part D premiums, deductibles and copayments will be based upon the:

- income of the Medicare beneficiary and living-with spouse (if any) measured against a percentage of the annual FPL for the beneficiary's family size (this includes dependent relatives living with the beneficiary), and
- resources of the Medicare beneficiary and living-with spouse (if any).

To be eligible for the subsidy an individual must:

1. Be entitled to benefits under Medicare Part A (hospital insurance) or entitled to Medicare Part B (supplementary medical insurance) or both, and
2. Reside in one of the 50 states or the District of Columbia, and
3. Have countable income and resources within specified limits, and
4. File an application with SSA or with a State Medicaid Agency.

Income limits for the subsidy are based on the Federal Poverty Limits (FPL) as published in the Federal Register each year by the Department of Health and Human Services (DHHS). The poverty levels are the same regardless of the age of the family members. One set of poverty levels applies to the 48 contiguous states and the District of Columbia with Alaska and Hawaii having separate and slightly higher poverty levels. When an individual applies for subsidy, SSA will apply the FPL that corresponds to the individual's state of residence in the month that the application is filed. The system is programmed to compute eligibility using the correct poverty levels for the applicable state of residence. Moving to a State that has a higher or lower FPL is not a subsidy changing event and does not require a redetermination.

The amount of an individual's premium subsidy is determined by the relationship of his or her income (and that of his or her living with spouse) to the appropriate FPL. Individuals who have Medicare and SSI benefits (including 1619(b)), or Medicaid with prescription drug coverage, or are receiving Medicaid as part of the Medicare Savings Program (QMB, SLMB, or QI) are automatically entitled to the subsidy. They are considered to be "deemed eligible" and therefore, do not have to file a subsidy application. CMS will notify these individuals of their eligibility.

CMS will also notify them of the plan selection and provide instructions for changing plans or opting out of enrollment.

Determining Countable Income and Resources for Low Income Subsidy

The rules governing what income and resources count and what is excluded for the low income subsidy are very complex. To review these rules in their entirety, refer to the SSA POMS starting with POMS HI 03020.000: Income Sub-Chapter Table of Contents. Although the rules are too numerous to cite in this unit, the following general principles apply:

1. SSA applies the SSI income rules and income exclusions (including applicable work incentives) when determining countable income for the purposes of the low-income subsidy with the following exceptions:
 - a. SSA does not deem another person's income to an individual filing for or receiving a subsidy. Parental deeming, spousal deeming and sponsor to alien deeming do NOT apply. SSA does, however consider the SSI rules for In-kind Support and Maintenance (SSI) to low income subsidy eligibility determinations.
 - b. SSA does consider spousal income if the individual filing for the subsidy is married and lives with his or her spouse. For purposes of determining subsidy eligibility and whether the individual qualifies for a full or partial subsidy, SSA considers all of the countable income the individual and living-with spouse receive (or expect to receive) during the year for which the individual's subsidy eligibility is being determined
 - c. SSA will not approve a Plan for Achieving Self Support (PASS) for the purpose of excluding income and resources to enable an individual to qualify for the subsidy.
 - d. All interest and dividends, regardless of the source, are excluded from income for purposes of determining eligibility for the subsidy.
 - e. The \$20 per month general income exclusion applies to all unearned income including income based on need (IBON).
2. SSA applies the SSI resource rules and resource exclusions (including applicable work incentives) when determining countable resources for the purposes of the low-income subsidy with the following exceptions:
 - a. For purposes of determining eligibility for the subsidy, SSA does not consider transfers of resources. Therefore, SSA does not ask an applicant if he or she transferred resources.

- b. Non-liquid resources, other than real property, are not resources for purposes of determining eligibility for the subsidy. For purposes of determining eligibility for the subsidy, the following non-liquid assets are **not** countable resources; all vehicles (autos, trucks, motorcycles, boats, snowmobiles, etc.); household goods and personal effects; irrevocable burial trusts and irrevocable burial contracts.
- c. SSA will not approve a Plan for Achieving Self Support (PASS) whose sole purpose is to exclude income and resources in order to qualify for the subsidy.
- d. For purposes of determining eligibility for the subsidy, if the individual alleges that he or she expects to use some of his or her resources for funeral or burial expenses, \$1,500 is excluded from that individual's countable resources. For a married couple who live together, SSA will exclude up to \$3,000 (\$1,500 for each member who alleges that he or she expects to use some of his or her resources for funeral or burial expenses). SSA will not ask the individual for the actual value of the funds that he or she expects to use. Therefore, the exclusion is always \$1,500 unless the individual alleges that he or she does not expect to use any of his or her resources for burial or funeral expenses.

Income Limits for Subsidy Eligibility

The following chart provides the current limits on income for individuals and married couples and indicates the percentage of subsidy that the various income levels provide.

Countable Income	Premium Subsidy
Less than or equal to 135% of FPL and resources are less than or equal \$6,120/individual (\$9,190/couple)	100%
Less than or equal to 135% of FPL and resources exceed \$6,120/individual (\$9,190/couple) but do not exceed \$10,210/individual (\$20,410 couple)	100% premium subsidy (but less help with copays and deductibles)
Greater than 135% FPL, but not more than 140%	75%
Greater than 140% FPL, but not more than 145%	50%
Greater than 145% FPL, but less than 150%	25%
150% or more	None

2007 Resource Limits for Low Income Subsidy

The following two charts show the resource limits which apply to individuals and to married couples

Individual's Countable Resources	Individual's Countable Income	Amount of the Premium Subsidy
\$6,120 or less	At or below 135% FPL	100%
6,120.01 to \$10,210	At or below 135% FPL	100% but less help with co-pays/deductibles
\$10,210 or less	More than 135% of FPL, but at or below 140%	75%
\$10,210 or less	More than 140% of FPL but at or below 145%	50%
\$10,210 or less	More than 145% of FPL but less than 150%	25%
More than \$10,210	Any amount	Not eligible for subsidy
Couple's Countable Resources	Couple's Countable Income	Amount of the Premium Subsidy
\$9,190 or less	At or below 135% FPL	100%
\$9,190.01 to \$20,410	At or below 135% FPL	100% but less help with co-pays/deductibles
\$20,410 or less	More than 135% of FPL, but at or below 140%	75%
\$20,410 or less	More than 140% of FPL, but at or below 145%	50%
\$20,410 or less	More than 145% of FPL but less than 150%	25%
More than \$20,410	Any amount	Not eligible for subsidy

NOTE: This material was taken directly from the CWIC Training Manual, Module 4, Unit 2, "Understanding Medicare"