

## Medicare Part D Low-Income Subsidy

The Medicare Part D Low-Income Subsidy (also called “LIS” or “Extra Help”) helps Medicare consumers dramatically lower their prescription drug costs and can help individuals save thousands of dollars per year. **Since January 1, 2010, life insurance (asset) and in-kind support and maintenance (income) are not counted when the Social Security Administration determines whether someone qualifies for a subsidy and how much help he/she will get.** This means that individuals that may not have qualified in the past could now qualify!



Remember, anyone who has Medicare and gets **any** help from the Medical Assistance program (even if it's just payment of the Medicare Part B premium) should automatically get the full subsidy and doesn't need to apply. Any other Medicare beneficiary will need to apply to get this help.

### How to Qualify:

Individuals must meet income and asset guidelines to qualify for a subsidy. Below are the **2014** guidelines. Please note that someone's income and assets could be higher than the amounts listed below and still qualify for a subsidy because SSA may not count all of their income and/or assets. The amounts listed below **do include** the \$1500 per person disregard given to applicants who plan to use their assets for funeral/burial expenses.

**Full Subsidy:** Countable Income must be below 135% FPL (see table below)  
Countable Assets must be below \$8,660 (if single) / \$13,750 (if married)

**Partial Subsidy:** Countable Income must be below 150% FPL (see table below)  
Countable Assets must be below \$13,440 (if single) / \$26,860 (if married)

2014 Federal Poverty Levels (FPL)		
Household Size	135% (monthly income)	150% (monthly income)
1	\$1,313	\$1,459
2	\$1,770	\$1,966
3	\$2,226	\$2,474
4	\$2,683	\$2,981

**Household size:** If an applicant has a relative living with her in the home (other than a spouse) who depends on the applicant for at least half of their financial support, this should be noted on the application. SSA will then use the appropriate income limit for the number of people in the household but will not count the relative's income (if any).

### **How is income counted?**

**Applicants must report all of their income on the LIS application (unless the application specifically states not to report it-i.e., interest income), but some income may not be counted by SSA when determining LIS eligibility.**

- *Unearned income:* Unearned income must be reported on a monthly basis before any deductions are taken out (such as the Medicare Part B premium, child support, etc). When determining LIS eligibility, SSA will not count the first \$20/month of unearned income.
- *Earned income:* Earned income must be reported on a yearly basis with the consumer projecting the gross amount (before taxes or deductions are taken out) they expect to earn that year. If earnings fluctuate during the year, figure the average monthly income and multiply by it by twelve to project the yearly amount. When determining if the applicant meets the LIS eligibility income limits, SSA will not count the first \$65 per month (\$780/year) and ½ of the remaining earned income projected.

### **How are assets counted?**

SSA asks for information about certain assets owned by an applicant/her spouse on the LIS application. Individuals must report the information, but SSA will not necessarily count all those assets (or the entire value of the asset) when determining whether someone qualifies for an LIS.

- **SSA will count :**
  - Any real estate or property that someone owns (other than their primary residence)
  - Liquid assets (i.e., stocks, bonds, IRAs, CDs, 401ks, annuities) unless an applicant can show that a particular liquid asset cannot be converted to cash within 20 days.
- **SSA will not count:**
  - Certain assets such as an applicant's primary residence, any motor vehicles, burial plots/spaces, irrevocable burial accounts, and life insurance. Other resource exclusions may apply.
  - \$1500 of assets for the applicant (and \$1500 for her spouse) **unless** the individual states on the application that he/she does **not** plan to use resources to pay for funeral or burial expenses.

### **How to apply?**

- APPRISE works with the Benefits Data Trust (BDT) to submit LIS applications electronically. APPRISE workers and volunteers as well as Community Partners can download a copy of the application at [www.ssa.gov/prescriptionhelp](http://www.ssa.gov/prescriptionhelp) and complete the paper application with the consumer.
  1. Community Partners will forward the completed paper applications every 2 weeks to the local Area Agency on Aging (AAA). Local APPRISE programs will forward the completed applications to BDT every two weeks.
  2. BDT will input the information from the paper application into the online application and submit the online application directly to SSA.

***Remember to put the APPRISE PSA on the LIS application (bottom right of the first page) so that it can be tracked!!***

- Local APPRISE programs and Community Partners can also refer consumers to the PACE Application Center (1-800-866-1807) or contact the Application Center with the client. The Application Center is staffed by BDT and they will complete and submit the online application.

*SSA does not require individuals to submit verification of information reported on the application. If SSA needs documentation to finish processing the application, they will contact the applicant by phone or by mail.*

### **Application Tips:**

- Review the application thoroughly to be sure that all questions are answered before submitting it to the local APPRISE program (if a Community Partner) or to BDT (if APPRISE staff/volunteer). Incomplete applications will result in delayed processing.
- Keep a copy of the completed application that is submitted. This is a grant requirement but also will be helpful if any problems arise.
- Although most applications will be submitted to BDT, in limited circumstances it may be best to submit an online application directly.
  - Make sure to note the Reentry number that will be generated so that you can get back into the application in case you are not able to complete it all at one time.
  - You will also need the applicant's Social Security Number to access the application again. Also, make sure to keep a copy of the online application and the confirmation form (you will have the opportunity to print this once the application is submitted). The local APPRISE programs must keep the confirmation form.

### **Where to call if you have problems?**

Contact SSA with questions or to follow-up on the status of the application-1-800-772-1213.

SSA will send a notice telling the applicant if they qualify for the subsidy and how much help they will get. If an individual does not agree with the SSA determination, they can appeal. If someone is approved, SSA will also notify Medicare so Medicare can update their system.