Updated
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Redeeming, Redeterminations, and Reassignment

Continued Assistance for People with Part D Low-Income Subsidy (LIS)/Extra Help

Every summer many low-income subsidy (LIS)/Extra Help recipients are re-evaluated for future LIS/Extra Help eligibility. The Centers for Medicare & Medicaid Services (CMS) and Social Security Administration (SSA) send a number of letters to LIS/Extra Help recipients to check their continuing eligibility and notify them of changes to their Part D Plan. Being familiar with the letters and these procedures can help ensure beneficiaries continue to get LIS/Extra Help.

Redeeming for LIS/Extra Help sent by CMS

Who gets redeemed and how?

State Medicaid agencies send lists to CMS with information about Medicare beneficiaries also covered by any type of Medicaid program every month during the months July to December. These lists form the basis of redeeming for LIS/Extra Help. Medicare beneficiaries on the July Medicaid list are automatically redeemed for LIS/Extra Help by CMS for the following year.

Note: This includes beneficiaries who get home-based waivers or nursing home care even if their income exceeds the LIS/Extra Help eligibility limits. CMS reports these beneficiaries as LIS/Extra Help "deemed" eligible rather than LIS applicants.

A beneficiary with Medicaid as of July 2020 is "redeemed" eligible for LIS/Extra Help for all of 2021, with no further actions or paperwork required. It's important to understand that their LIS/Extra Help will remain the same in 2021, and they will not receive any notification from CMS.

What about people who go on Medicaid between August and December?
State Medicaid agencies continue to transmit lists to CMS each month to update the July lists. Beneficiaries who appear on the state Medicaid file (list) or the Supplemental Security Income (SSI) file sent by SSA for any month between August and December will be deemed eligible for LIS/Extra Help through December of the next year and will not need to do anything to maintain the benefit. Beginning in late September/early October, CMS will send these beneficiaries a letter (Pub No. 11166) printed on purple-colored paper confirming their deemed LIS/Extra Help status.

Who Is "Un-Deemed" and How You Can Help Them
Beneficiaries with LIS/Extra Help because they received Medicaid, but who no longer have Medicaid will NOT be on the state Medicaid agency lists sent to CMS. This means that they are not "deemed" eligible for LIS/Extra Help for next year.

These beneficiaries will lose their LIS/Extra Help at the end of December unless they take some action before then. In September, CMS will send these beneficiaries a letter (Pub No. 11198) printed on grey-colored paper explaining that they will lose their deemed eligibility for LIS/Extra Help as of the end of December. The mailing will also include an SSA application for LIS/Extra Help along with a postage-paid return envelope to re-apply.

If the data transmitted by the state Medicaid agency reveals that the LIS/Extra Help subsidy level will change, CMS will generate a letter (Pub No. 11199) in the fall (late September/early October) printed on orange-colored paper explaining the change in copayment levels for LIS/Extra Help starting on January 1.

Getting Medicaid by Spending Down Surplus Income
Some beneficiaries get Medicaid by spending, or incurring, their income that is in excess of the applicable Medicaid eligibility level on medical expenses. This kind of Medicaid is referred to a number of names, including surplus income, spend down, or medically needy Medicaid. Note that your state might have a different name for this kind of Medicaid.

Medicare beneficiaries who qualify for Medicaid by spending down their surplus income are deemed eligible for LIS/Extra Help for the remainder of the calendar year. Moreover, beneficiaries who spend down their surplus income and qualify for Medicaid in any month between July and December will also get LIS/Extra Help for the full calendar year of following year.

Example #1: Mrs. B. qualifies for Medicaid by spending down her excess income to her state's Medicaid level in June 2020. In addition to getting Medicaid, she will be deemed eligible for and receive LIS/Extra Help, however, only until the end of December 2020. If she wants LIS/Extra Help for 2021, she will have to use the strategies suggested above for people being "un-deemed" for Extra Help. She could:

1. Apply for LIS/Extra Help. She can submit an application through BenefitsCheckUp.org or SSA.
2. Check with her state Medicaid agency to determine whether she is eligible for one of the Medicare Savings Programs; Mrs. B would be redeemed eligible for LIS if she is found eligible for an MSP.
3. Apply again for spending down her surplus income to get back onto Medicaid at some point during 2021.
4. See if she can spend down her surplus income at any point between August and December 2020 to get back onto Medicaid, even for only one month, so she can be deemed eligible for LIS through 2021.

Example #2: Mr. C. is Mrs. B's next-door neighbor. Because he went to see a benefits counselor, he waits and qualifies for Medicaid by spending his excess income down in July 2020. He is deemed eligible for LIS/Extra Help for the rest of 2020 and also through calendar year 2021, even if he is unable to qualify for Medicaid at any time for the rest of 2020 or during 2021.

How can I help beneficiaries losing LIS/Extra Help?
There is a three-month Special Enrollment Period (SEP) for those that lose LIS/Extra Help from January 1 through March 31 to switch to another Part D Prescription Drug Plan (PDP) or a Medicare Advantage Plan with prescription drug coverage (MA-PD). (See common Part D SEPs and common Medicare Advantage SEPs for more info on this SEP.) You can assist your clients who lost LIS/Extra Help to compare plans to see if another plan might better meet their needs in terms of cost, coverage, convenience, and customer service. Additionally, you can help the client apply for the State Prescription Assistance Program (SPAP) if one is offered in your state.

Part D plans are also permitted, although not required, to offer beneficiaries who lost LIS/Extra Help a three-month grace period to pay the plan premium and regular cost-sharing after they lose the premium and cost-sharing subsidies they had with LIS/Extra Help.

What is the big caveat to all this?

Often beneficiaries lose their eligibility because they do not return the required paperwork to SSA or their state Medicaid agency rather than because of changes in income or assets. Ask beneficiaries about changes in their income and assets, explore whether they might be entitled to any form of Medicaid, or if they should simply apply for LIS/Extra Help.

Eligibility Redeterminations for LIS/Extra Help – SSA

There are three different types of redeterminations that the Social Security Administration (SSA) conducts each year to evaluate continued eligibility of current LIS/Extra Help clients.

1. Initial Redeterminations

SSA processes initial redeterminations of LIS/Extra Help eligibility each year starting in August. SSA selects a group of beneficiaries who applied and were found eligible for LIS/Extra Help between May and April and whose SSA records indicate they may have experienced a change in circumstance, such as beneficiaries who reported a change in income and resources.

Beneficiaries selected for review will receive a scannable redetermination form along with an envelope addressed to SSA in late August/early September. Beneficiaries must complete and return the form within 30 days, even if they report no changes. They can get one 30-day extension by asking SSA. You can help beneficiaries by asking if they received this packet in the mail, and if they did, letting them know that even if they did not experience a change, they must complete and return it.

Beneficiaries that receive a redetermination form will receive an SSA notice after the redetermination is completed. The notice will inform them of their LIS/Extra Help status for the coming year detailing whether there will be:

- No change
- An increase or a decrease in the level of their LIS/Extra Help
- Termination of their LIS/Extra Help

2. Cyclical Redeterminations

Each year, SSA selects a random portion of the LIS/Extra Help population and sends them in late August/early September a scannable redetermination form. Again, it's important that beneficiaries complete the redetermination form and return it within 30 days, even if nothing changed.

Example: Mrs. C. has been on LIS/Extra Help since 2016. She is surprised to receive a letter from Social Security in early September. Nothing has changed in her circumstances. She is anxious about losing the LIS/Extra Help that allows her to

afford the medicines she takes to control her severe arthritis, chronic obstructive pulmonary disease, and diabetes.

You can reassure her that the redetermination is a routine process, and in this case a random selection review. Help her check the box on the form to indicate "no change" and make sure she mails the form in the envelope provided. You can also remind her that you can help her assess her Part D plan selection for next year and that she can contact you if she encounters any problems.

As with initial redeterminations, any changes to LIS/Extra Help status will become effective the first of the following year.

3. Subsidy Changing Event Redeterminations

Subsidy changing events must be promptly reported to SSA. A subsidy changing event is a change in marital status, including:

- Marriage
- Divorce
- Separation
- Annulment
- Death of spouse

LIS/Extra Help beneficiaries can call the Social Security's customer hotline at **1-800-772-1213** to report such changes. SSA responds to such reports by sending a special subsidy changing event (SCE) redetermination form. LIS/Extra Help beneficiaries are required to complete and submit the form within 90 days of receipt. If they do not respond, their LIS/Extra Help will be terminated. If they do respond, the change to their LIS/Extra Help status becomes effective the next month after SSA receives the completed form.

Note: In 2011, Social Security extended the LIS/Extra Help benefit for those who lose a spouse. Widows/widowers can continue to receive their LIS/Extra Help benefit if the loss of their spouse causes them to either lose or receive a decreased LIS/Extra Help benefit. This extension lasts one year and begins after the month of death. The change in eligibility came about through the health care reform law, the Affordable Care Act of 2010, Section 3304.

Example: Mr. D's wife of 52 years died last month. He is distraught, and his daughter calls you to find out if anything needs to be done to continue her father's benefit, since her mom and dad "received everything as a couple."

You can help his daughter make the report of Mr. D's change in marital status to SSA. You can also help her to monitor implementation of the changes to assure that Mr. D. continues to receive the same LIS/Extra Help benefit that he has been

receiving if his now single marital status would otherwise cause him to lose or decrease his current LIS/Extra Help benefit.

How can you help?

- If beneficiaries experience a change in their income or resources, they should report the changes (within 30 days) by completing the form and mailing it back to Social Security in the envelope provided.

- If their income or resources have not changed, the beneficiary still needs to respond. They should check the box on the form to indicate “no change” and mail the form back (again, within 30 days). If beneficiaries need more time to respond, they can request a 30-day extension from Social Security.

- Remind beneficiaries that after they mail the form back, Social Security will mail them a determination letter letting them know if their subsidy level will stay the same, change, or if they are no longer eligible. If a beneficiary does not respond or mail the form back, Social Security will follow up and contact them (by phone call and/or letter) beginning in late fall. Beneficiaries that do not submit a form will no longer receive LIS/Extra Help effective March 31.

Part D Reassignment

Unless a beneficiary selects a Part D plan, newly eligible full LIS/Extra Help beneficiaries are automatically enrolled into certain Part D plans, called low-income benchmark plans. These benchmark plans have a premium at or below the level set by CMS and therefore beneficiaries with the full LIS/Extra Help subsidy owe no monthly premium. Government subsidies pay the monthly premium for these plans.

Every year some of those low-income benchmark plans lose their status, either because they raise their monthly premium or because they change their benefit structure to offer "enhanced" Part D benefits. When this happens, CMS switches, or reassigns, certain LIS/Extra Help beneficiaries for the following plan year. CMS only reassigns beneficiaries if they stayed in the Part D plan into which they were automatically enrolled that is no longer a benchmark plan (they didn’t enroll in another plan). CMS does not reassign beneficiaries who chose a plan on their own (known as “choosers”) even if their plan is above benchmark.

Find out the LIS/Extra Help regional benchmarks for 2021.

Reassignment Letter
In late October/early November, CMS will notify certain beneficiaries that they will randomly be reassigned to a new benchmark Prescription Drug Plan (PDP) for the next year unless they join a plan on their own by December 31. This notice is printed

on blue-colored paper. Keep in mind there are three sub-groups that will receive a variation of this letter depending on their situation. These three sub-groups include:

1. Beneficiaries with LIS/Extra Help enrolled in a non-renewing PDP that is terminating at the end of the year, regardless if auto-enrollee or chooser, will get a Reassignment letter (Version 1, Pub No 11208). This letter tells them they will be automatically and randomly re-assigned to a PDP benchmark plan unless they choose another plan by December 31, since their current plan will not be available.
2. Auto-enrollees with full LIS/Extra Help in plans that will charge them a premium will get a Reassignment letter (Version 2, Pub No 11209).
3. Everyone with LIS/Extra Help who is in a nonrenewal Medicare Advantage (MA) plan that is terminating at the end of the year will get a Reassignment letter (Version 3, Pub No 11443). This letter lets them know that their coverage will change to Original Medicare, and if they are eligible for LIS/Extra Help, they will be automatically and randomly reassigned to a PDP benchmark plan for next year.

Beneficiaries should compare plans and decide on their own or with your help if another plan better meets their needs. Beneficiaries will receive a reminder letter late December as well. The letter will compare their current drug coverage to the coverage for those same drugs in the plan to which they have been reassigned for next year. The purpose of the letter is to help them understand how the new, randomly assigned plan will (or will not) cover their current prescription drugs (for more on this letter, see “Follow-up Reassignment Letter” on page 8).

What about “choosers”?
There is a group of LIS/Extra Help beneficiaries that CMS will not reassign, even if their current plan’s premium will be higher than the low-income benchmark premium, meaning they’ll owe a premium next year. This group of beneficiaries is commonly referred to as “choosers”. Choosers are beneficiaries that selected a Part D plan on their own, or with your help, rather than staying in the plan that CMS automatically assigned when they first became eligible for LIS/Extra Help.

CMS will not reassign “choosers.” Choosers instead are issued a letter (Pub No. 11267) in early November printed on tan-colored paper from CMS telling them that their current plan will have a premium above the benchmark next year, and they will pay a portion of their plan premium if they remain in their plan.

Note: Paying a portion of their premium may still be choosers' best option because the LIS/Extra Help copayments remain the same, regardless of whether they are in benchmark plans or not. Formularies in the plans choosers select may be broader, reducing their need to get their prescribers to help them pursue exceptions and appeals to secure coverage of their drugs.

During the Annual Open Enrollment Period, "chooser" beneficiaries should shop and compare plans. The plan costs and formulary may change from year to year. While they won't pay a premium in a standard plan with a premium at or below the low-income benchmark, they should review the formularies of those plans to make sure the drugs they take are covered for the strength and dose they have been prescribed.

Follow-Up Reassignment Letter
In mid-December, CMS will send all beneficiaries who are being reassigned a second reminder letter printed on blue-colored paper (Pub No. 11475 or Pub No. 11496). This follow-up letter reminds beneficiaries that their plan is either:

1. raising its premium, or
2. terminating at the end of the year and if they do not choose a plan on their own by December 31 they will be automatically and randomly assigned to a PDP benchmark plan for next year.

More importantly this notice will identify for each beneficiary which of their current drugs are and are NOT on the plan to which they are being reassigned as well as any coverage limitations on covered drugs. This way, beneficiaries can see if the randomly assigned plan will help pay for their medications. The letter also includes instructions on how to request an exception or appeal, and how to file a grievance.

References

See the Centers for Medicare & Medicaid Services (CMS) *Guide to Consumer Mailings from CMS, Social Security and Plans*.

See the Centers for Medicare & Medicaid Services (CMS) May 2020 fact sheet *What to Do if you no longer automatically qualify for Extra Help with Medicare prescription drug costs*.

See the Centers for Medicare & Medicaid Services (CMS) Prescription Drug Benefit Manual, Chapter 13 – Premium and Cost-Sharing Subsidies for Low-Income Individuals, Section 40.2.8, Grace Period for Those Losing Deemed Status, for more info on the LIS 3-month grace period.

See the December 29, 2010 Federal Register announcement regarding LIS/Extra Help and the widow/widower benefit extension that took effect January 1, 2011.

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