



Expanding Your Prospect Pool  
through  
Low Income Subsidy  
& Medicare Savings Plans

# Agenda

- The financial atmosphere
- LIS information and Opportunity
- What is a MSP?
- Levels of MSP Assistance
- How You Can Help
- Questions

# Financial Challenges – A Client Profile

## What financial challenges do Medicare recipients face?

- Social Security constituted 90% or more of the income received by 34% of all Social Security beneficiaries
- About 3.4 million elderly persons (9.4%) were below the poverty level in 2008
  - 7.0% of “poor” are Caucasians
  - 22.7% of elderly African-Americans
  - 12.0% of Asians
  - 19.4% of elderly Hispanics
- Another 2.2 million senior citizens are classified as “near poor” with incomes below 135% of the Federal Poverty Level (FPL)

“A Profile of Older Americans: 2007” Administration on Aging U.S.  
Department of Health and Human Services

# Financial Challenges – A Client Profile

- Higher than average poverty rates were found in older persons were found among those who lived in principal cities (12.7%), outside metropolitan areas (i.e. rural areas and small towns) (11.0%), and in the South (11.7%)
- Older women have a higher poverty rate than older men
- The highest poverty rates are experienced by older minority women who live alone – Hispanic women (40.5%) & African American women (37.5%)
- Seniors spend an average of 12.8% of their income on healthcare, more than twice spent by the general public.
- Seniors average \$3,586 in out-of-pocket expenses, an increase of 45% since 1992.



# Low Income Seniors' Financial Challenges

- 35% of the 42 million Medicare Beneficiaries live at or below 150% of the Federal Poverty Level (FPL)
- The average Medicare Beneficiary spends 34% of their income on health care

Example of members without Federal or State assistance:

	Individual*	Couple*
150% FPL	\$1,354	\$1,821
34% Rx Cost	(\$460)	(\$632)
Total income	\$894	\$1,189



# Program Availability – Medicare Part D Low-Income Subsidy (LIS)

The Medicare Part D drug benefit provides premium and cost-sharing assistance to beneficiaries who qualify for the program's Low-Income Subsidy (LIS).

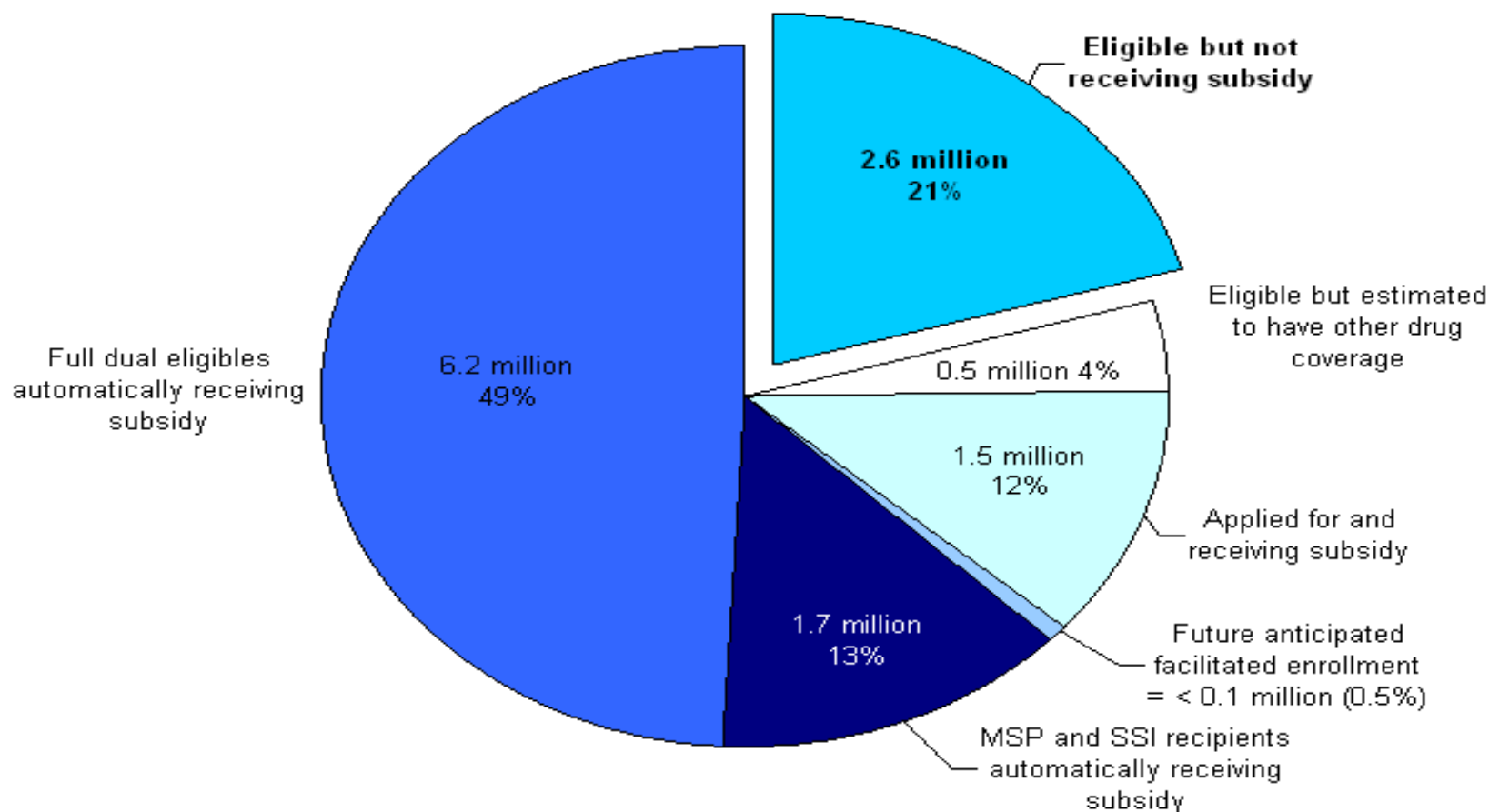
Additionally, LIS provides:

- Extra Help to cover Rx drugs copays for little or no cost (\$1.10 - \$6.00)
- Exemption from the "Coverage Gap" (Donut Hole)
- Exemption from a Rx premium, up to the national average of premium cost (*if applicable*).

*\*The SEP used on the application is SEP-LIS.\**

# Low-Income Subsidy Opportunity

**Eligibility and Participation in Medicare Drug Benefit Low-Income Subsidies, 2008**



**Beneficiaries Eligible for Low-Income Subsidies = 12.5 million**

Source: US Department of Health and Human Services, January 31, 2008. (Data as of Jan 2008).

# Low-Income Subsidy Qualifications

Medicare recipients with income up to 150% of Federal Poverty Level qualify for assistance with costs associated with their qualifying Medicare Part D Prescription Drug Programs.

- In 2010, the income limit for individuals:  
(monthly) - \$1,354, with liquid assets limit of \$12,510.
- The income limit for couples:  
(monthly) - \$1,821, with liquid assets limit of \$25,010

The LIS online application can be located at the Social Security Administration (SSA) website:

<https://secure.ssa.gov/apps6z/i1020/main.html>

The following information is needed to complete the Online Application:

Contact information – Name, address, Social Security number

Both you and your spouse have Medicare and are applying on this application.



# Information for LIS online application

## Household Information – Number of individuals in the household (single, married, etc.)

8. Your living situation may affect the amount of help you can get. Therefore, we need to know how many relatives who live with you (and your spouse, if married and living together) depend on you or your spouse to provide at least one-half of their financial support. Relatives may include anyone related to you by blood, marriage or adoption.

How many relatives who live with you and your spouse depend on you or your spouse to provide at least one-half of their financial support? **Do not include yourself or your spouse in this number.** (Place an ☒ in only one box.)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
NONE	1	2	3	4	5	6	7	8	9 or more



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# Information for LIS online application

## Financial Information – Income/Assets

12. What do you expect to earn in wages before taxes **this year?**

YOU: ☐ NONE \$   ,    .

SPOUSE (if living together): ☐ NONE \$   ,    .

13. If self-employed, what do you expect your net earnings or loss to be **this year?**

YOU: ☐ NONE \$   ,    .

SPOUSE (if living together): ☐ NONE \$   ,    .

Put an ☒ here if you or your spouse expect a net loss. YOU: ☐ SPOUSE (if living together): ☐



# SSA Applications

## SSA Paper Application

Form Approved  
OMB No. 0960-XXXX

For Position Only

**Application for Help with Medicare Prescription Drug Plan Costs**

THIS DOES NOT ENROLL YOU IN THE MEDICARE PRESCRIPTION DRUG PROGRAM.

FOR OFFICIAL USE ONLY

State code: ☐ ☐ WBD0C ☐ Exception: ☐

1. Applicant's Name (Print each letter in a separate box.)

**EXAMPLE**  
Use capital letters when entering answers

FIRST NAME MI LAST NAME SUFFIX (Jr., Sr., etc.)

Applicant's Social Security Number

**SOCIAL SECURITY NUMBER EXAMPLE**

2. If you are single, divorced, a widow(er) or your spouse does not live with you, skip to question 3. If you are married and living with your spouse, please put an ☒ in one of the boxes below to indicate who is applying:

☐ Only you are applying. ☐ Both you and your spouse have Medicare and are applying on this application.

Even if your spouse is not applying, we need all of the questions answered and signatures for both of you if you live together.

Spouse's Name (if you are married and living together)

FIRST NAME MI LAST NAME SUFFIX (Jr., Sr., etc.)

Spouse's Social Security Number

3. If you are single, a widow(er) or your spouse does not live with you, are your savings, investments and real estate (other than your home) worth more than \$11,500? If you are married and living together, are they worth more than \$23,000? (These limits will be higher after 2006.) Include the things you own by yourself, with your spouse or with someone else. Do not include your home, vehicles, burial plots or personal possessions.

☐ YES ☐ NO ☐ NOT SURE

If you put an ☒ in the YES box, you are not eligible for the extra help and you do not need to complete the rest of this application. You may still be eligible through your state Medicaid agency. However, if you want a decision, put an ☒ in the NOT SURE box. If you put an ☒ in either the NO or NOT SURE box, complete the rest of this application.

Form SSA-1020-OCR-SM (10-2004) Page 2

## SSA Online Application

Help With Medicare Prescription Drug Plan Costs

1-800-772-1213 or TTY 1-800-325-0778, 7am-7pm Monday-Friday

STEP: ☒ Complete Application ☐ Review ☐ Submit ☐ Print Receipt

**About The Person Completing The Form And The Person You Are Helping**

We need some basic information about how to contact you and the person you are helping in case we have any questions about this application. Once you complete all the information on this page, we will provide you with a reentry number and you will be able to exit the application and return to complete it later.

**About The Person Completing The Form**

Form Completer's Name:

(First, Middle Initial, Last)

Relationship to Applicant: [More Info](#)

If other, please indicate:

Form Completer's Phone Number: [More Info](#) (  )  -

Form Completer's Address: [More Info](#)

(Address Line 1)  Apt. No.

(Address Line 2)

(Address Line 3)

(City, State, ZIP)

**About The Person You Are Helping**

Applicant's Name: [More Info](#)

(First, Middle Initial, Last, Suffix)

Enter the name as it appears on the applicant's most recent Social Security card.

Applicant's Social Security Number: [More Info](#)

(Do NOT include dashes or hyphens.)

What is the applicant's date of birth? [More Info](#) Month  Day  Year

# LIS Award Letter

**Social Security Administration  
Medicare Prescription Drug Assistance  
Notice of Award**

Date: November 23, 2005  
Social Security Number: 123-45-6789

JOHN Q. PUBLIC  
123 MAIN ST  
SPRINGFIELD OH 45501

You are eligible for extra help with your Medicare prescription drug plan costs. To take advantage of this benefit, you must enroll in a Medicare approved prescription drug plan or Medicare Advantage plan with prescription drug coverage, if you are not already enrolled in one. If you do not choose a Medicare prescription drug plan, Medicare will choose one for you to be sure you get this benefit. You will receive more information from Medicare.

The rest of this letter explains the extra help with the prescription drug plan costs, the information used to determine your eligibility, how to sign up for a Medicare prescription drug plan, what to do if your situation changes, and your appeal rights.

**Information About This Help With Your Prescription Drug Plan Costs**

You are eligible for full help to pay your Medicare prescription drug premium, also known as subsidy, because your income is below the limits established by the law. Because your resources are less than or equal to \$6000, you are also eligible for lower prescription drug co-payments and annual deductibles. You are eligible for:

- 100% subsidy to help pay your Medicare prescription drug plan premiums;
- \$0.00 prescription drug annual deductible; and
- Reduced co-payment amounts when you have a prescription filled.

**Information Used To Determine Your Eligibility**

You have no resources.

You have 1 person in your household. When we determine the size of your household, we count you, your spouse who lives with you, and any relative who lives with you and receives one-half support from you or your spouse.

The Social Security Administration (SSA) will send a notice of approval/denial to the prospective member **within 10 – 14 business days.** The award letter is necessary to prove the prospect has a SEP.



# Follow-Up & Enrollment

Once the LIS award letter has been confirmed, the prospective member has a continuous SEP.

The agent should conduct a follow-up call to verify the award letter and make arrangements for enrolling the prospect into a Medicare Advantage product.

# Low-Income Subsidy MIPPA Changes

Effective January 1, 2010, MIPPA changes two LIS eligibility criteria:

- • Cash value life insurance is no longer a countable asset—beneficiaries no longer need to report the cash value of their life insurance policies.
- • In-kind support and maintenance is no longer countable income—beneficiaries do not have to report help from family or friends as income.

In addition, MIPPA eliminates the late enrollment penalty for all LIS-eligible individuals. This change is effective January 1, 2009.

# Reference Material

- Medicare Part D LIS Application Guide (*this is a mock-up of the actual LIS application*)

<http://www.ssa.gov/prescriptionhelp/SSA-1020B-OCR-SM-INST.pdf>

- Tips For Completing The Application For Help With Medicare Prescription Drug Plan Costs

<http://www.ssa.gov/pubs/10122.html>

- 2010 Resource & Cost-Sharing Limits for Low-Income Subsidy (LIS)

<http://www.hapnetwork.org/assets/pdfs/2009-lis-resource-levels-memo.pdf>

- Medicare Part D LIS Online Application

<https://secure.ssa.gov/apps6z/i1020/main.html>

- Social Security at 1-800-772-1213 (TTY 1-800-325-0778)



# What is a MSP?

What is a Medicare  
Savings Program  
or “MSP?”



# What is a MSP?

- Medicare Savings Programs (MSPs) are programs that will pay for low income individual's Medicare Part B Premium (\$110.50/month or \$1,326/year in 2010)
- They are available in every state in the nation
- They are federally funded, but administered by each state's Medicaid agency



# Relationship with the Medicare Part D Low-Income Subsidy (LIS)

- Beneficiaries with assets below the established resource limit and with income below 135% of the federal poverty level (FPL) qualify for the full Medicare Part D low-income subsidy (no monthly premium and reduced copayments). Beginning in 2010, the asset limits for full LIS will match the asset limits for MSPs.
- Because the asset levels are the same for both programs, assessing beneficiaries for eligibility for both LIS and MSPs at the same time is a much simpler process.

# Relationship with the Medicare Part D Low-Income Subsidy (LIS)



In addition, MIPPA directs the Social Security Administration (SSA) to coordinate better with states to ensure that people who apply for LIS through SSA are screened for MSP eligibility.

In fact, unless applicants opt-out, each application for Extra Help (LIS) is sent to states to be considered an application for MSP.

# Relationship with the Medicare Part D Low-Income Subsidy (LIS)

- SSA must provide each person who applies for LIS, requests an application for LIS, or is identified as potentially-eligible for LIS with information about both the LIS and MSPs. Individuals also must be given information on where to get assistance including SHIPs.
- Local SSA offices must have available this information as well as LIS applications.

# Relationship with the Medicare Part D Low-Income Subsidy (LIS)

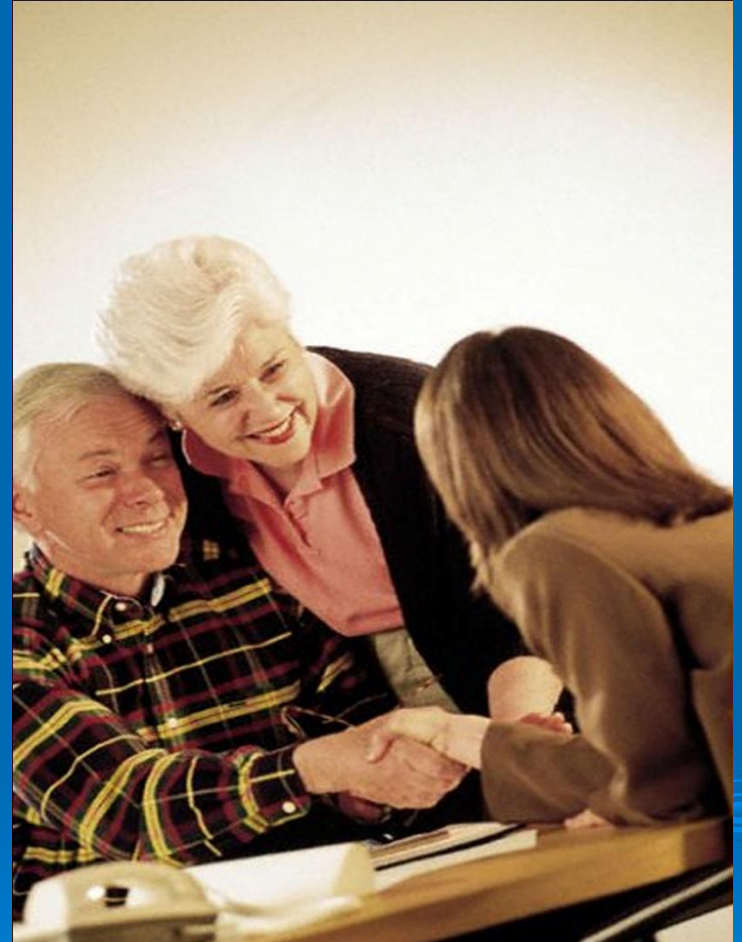
## Other Changes to MSPs

- • Effective January 1, 2010, states are prohibited from pursuing estate recovery to collect Medicare cost-sharing benefits from deceased MSP enrollees.
- • Effective January 1, 2010, the MSP application form must be translated into the 10 non-English languages most frequently used by Medicare beneficiaries.



# Obstacles to enrolling in a MSP

- Lack of basic knowledge about Medicare Savings Programs is the largest enrollment barrier
- Enrolling in a Medicare Savings Program is difficult for seniors—most of the currently enrolled say the application is too complicated and long, with print too small for most seniors
- Seniors also face transportation problems, making it difficult to go to enrollment locations
- Misplaced social stigma that they are on welfare



# MSP Enrollment Requirements

- Enrollment into a Medicare Savings Program is based on an individual's income & assets (*assets are excluded in AZ, AL, CT, DE, DC, ME, MS, VT, WI*)

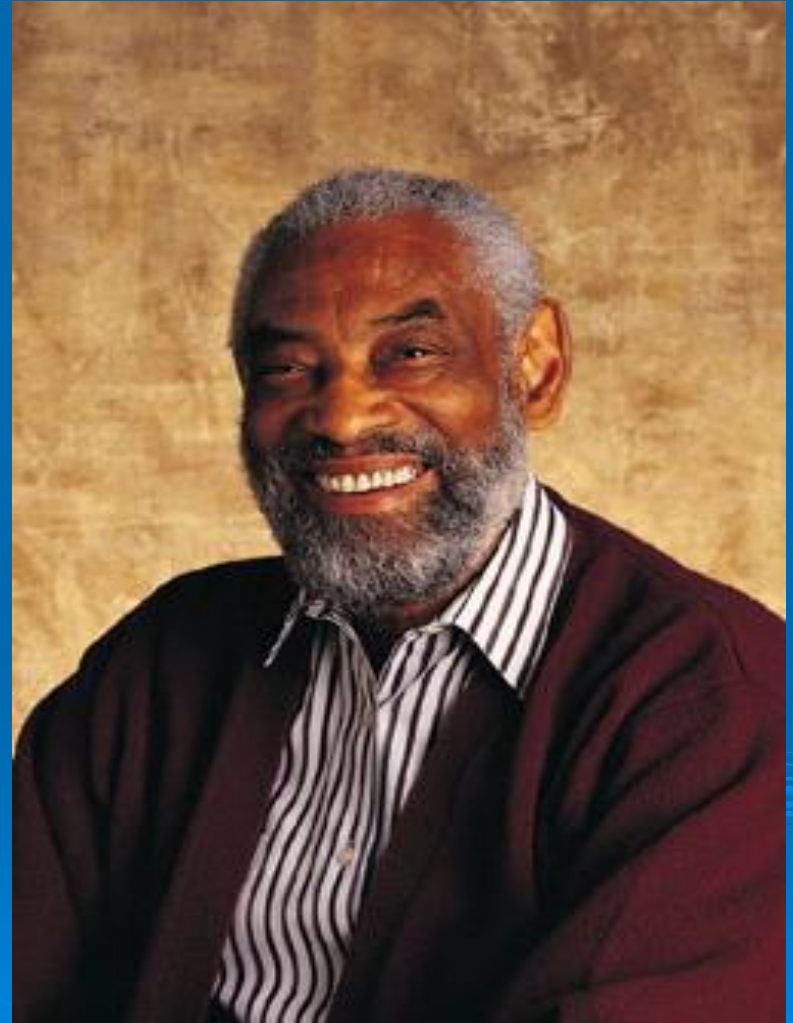
*(income levels may be higher in some states)*

## Examples of Income

- Wages
- Social Security
- Railroad Retirement
- Pension
- 401(K) Income
- Rental Income

## Examples of Assets

- Savings Account
- Stocks
- Bonds
- Mutual Funds
- Annuities
- Life Insurance





# Excluded Assets



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# Changes to the Asset Limits

## Medicare Savings Programs

### Changes to the Asset Limits

- Effective January 1, 2010, the asset limits for Medicare Savings Programs (MSPs) are increased to match the asset (resource) limits for the full low-income subsidy.

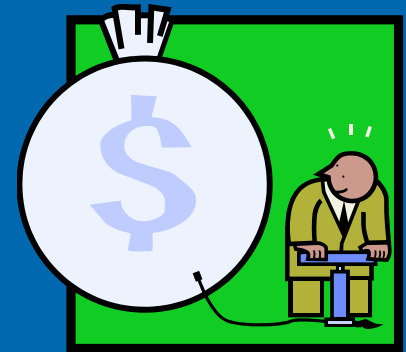
The asset limits are the same for all three programs: Qualified Medicare Beneficiary (QMB), Specified Low-Income Beneficiary (SLMB) and Qualified Individual (QI).<sup>1</sup> MIPPA also extends the QI program.

# Changes to the Asset Limits

The asset limits for QMB, SLMB, and QI previously were set at \$4,000 for an individual and \$6,000 for a couple.

MIPPA established that the asset limits for MSPs will be increased, beginning in 2010, to match the full low-income subsidy (LIS) resource limits.

These limits will increase each year thereafter to account for inflation.



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# Qualified Medicare Beneficiary (QMB)

- Created in 1988 by Congress – 67% of the eligible population is NOT enrolled\*
- Individuals who are eligible have income up to 100% of Federal Poverty Level

QMB	<i>Individual*</i>	<i>Couple*</i>
Income	\$903	\$1,215
Assets	\$6,600	\$9,915

- Benefits include:
  - Part B Premium Waiver (\$110.50 per month in 2010)
  - Coverage for some plan co-payments/co-insurance
- ***Effective date – 1st of month following determination of eligibility***

# Qualified Medicare Beneficiary (QMB)

- Pays the Medicare Part B premium
- QMB may pay some of the health plan co-payments / coinsurance for services from Medicaid participating providers willing to bill the state's Medicaid Program, or have a contract with the state.
- If services are received from providers who do not accept Medicaid Assignment, the member will have to pay the co-payment/coinsurance, unless there is agreement between the health plan and the state of residence
- QMB does not cover premiums charged by the health plan

# Specified Low-Income Medicare Beneficiary (SLMB)

- Created in 1990 by Congress - nearly 87% of the eligible population is NOT enrolled\*
- Individuals who are eligible have income up to 120% of Federal Poverty Level:

SLMB	<i>Individual*</i>	<i>Couple*</i>
Income	\$1,083	\$1,457
Assets	\$6,600	\$9,910

- Benefits include:
  - Part B Premium Waiver only (\$101.50 per month in 2010)
- *Effective date – Up to 90 days prior to the 1st of the month in which application was made. (For example, if the member's application is submitted April 15th, their effective date is January 1st.)*



# Qualified Individual One (QI-1)

Created by Congress under the Balanced Budget Act of 1997. Program must be funded by Congress through a block grant every year.

- Individuals who are eligible have income up to 135% of Federal Poverty Level:

QI-1	<i>Individual*</i>	<i>Couple*</i>
Income	\$1,219	\$1,640
Assets	\$6,600	\$9,910

- Benefits include:
  - Part B Premium Waiver only (\$101.50 per month in 2010)
- ***Effective date – Up to 90 days prior to the 1st of the month in which application was made***

# 2010 MSP/LIS Income & Asset Limits

Program	Federal Monthly Income Limits		Asset Limits***	
	Individual	Couple	Individual	Couple
QMB	\$903	\$1,215	\$6,600	\$9,910
SLMB	\$1,083	\$1,457	\$6,600	\$9,910
QI-1	\$1,219	\$1,640	\$6,600	\$9,910
LIS	\$1,354	\$1,821	\$12,510	\$25,010

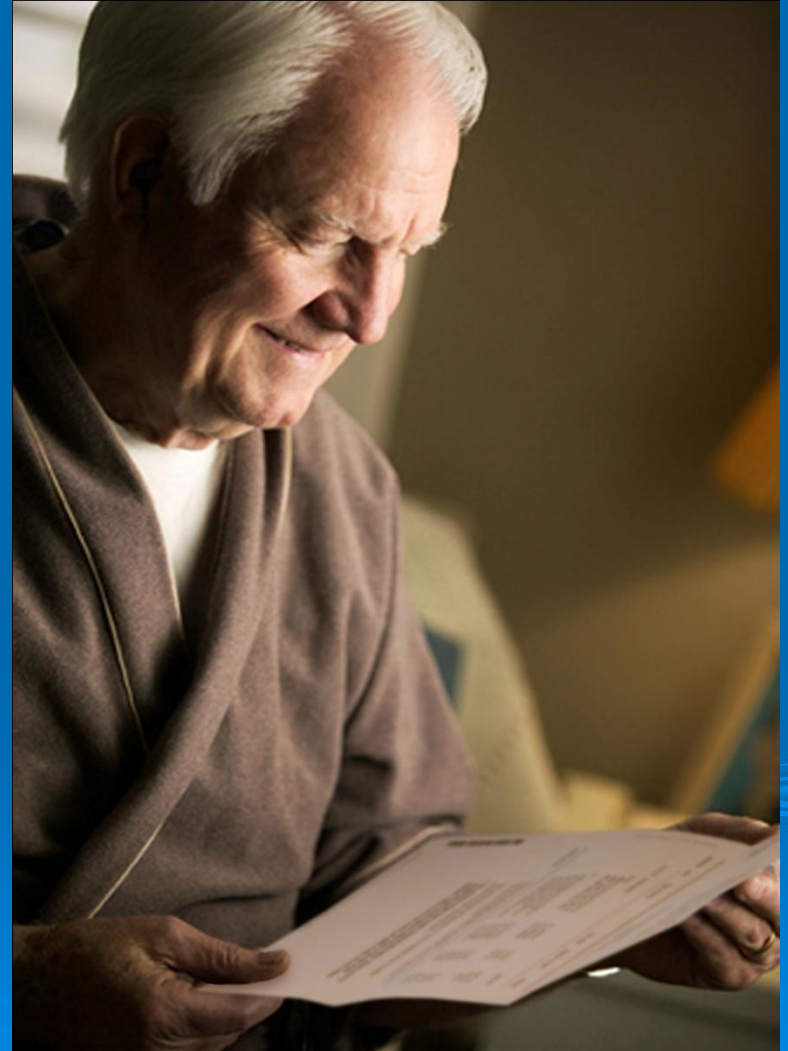
• Income figures are subject to change each year. Some states allow additional income above the federal limits. The local Department of Social Services is the source of confirmation.

• \*\*\*Assets are excluded in AZ, AL, CT, DE, DC, ME, MS, VT, WI



# Post Lock-in Sales Opportunities

- Members approved for MSP have continuous Special Election Period
- Increase word of mouth referrals from approved members
- Health plan representative may be able to generate multiple leads from assisted members



# Helping People Qualify for a MSP

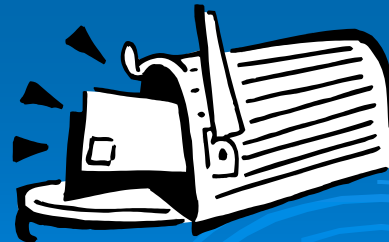
What do you do in order to assist someone you feel qualifies for one of the Medicare Savings Programs?

- **You** can send that person to the local Social Security office, hoping the social worker based at that location will help;
- **You** can utilize Social Service Coordinators (if this service is available to you);
- Or, **You** can be proactive and assist in the process yourself.

# Helping People Qualify for a MSP

**How do I directly assist in getting those who qualify this help they so truly need?**

- Help the MSP Applicant complete Form H1200-EZ
- Get the completed form to the nearest HHSC office.



# Helping People Qualify for a MSP

What documents are needed to include with the application?

- No documents are submitted with the application. The applicant should be prepared to submit any requested document during the application process.



# Helping People Qualify for a MSP

Is there a look-back period for someone transferring assets to qualify for a MSP?

- Yes, 3 years, transitioning to 5 years.

Are there any exceptions?

- Limited





# Helping People Qualify for a MSP

Does the applicant have to wait in line, or can they just drop off the application?

- Applications can be dropped at the front desk, but one should get the name of the individual collecting the application.



# Helping People Qualify for a MSP

How long does it take for an application to be processed?

- Up to 60 days

It is helpful to counsel the applicant not to round off dollar amounts (\$942.14/month income is a better number than \$942).



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# Helping People Qualify for a MSP

What can I do while waiting for the MSP application to be processed?

- While a MSP recipient automatically qualifies for the Extra Help on their Rx, completing the LIS application (as described earlier in this module) can help create a Special Enrollment Period (SEP) much more quickly (2 to 3 weeks).
- The person can be enrolled into Medicare Advantage plans once LIS is processed, then transferred to a Dual SNP (Special Needs Plan) once the MSP has successfully processed.

# Helping People Qualify for a MSP

Do MSP recipients  
have to re-qualify  
each year?

- Yes, it is an annual qualification process.



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# Your thoughts... Questions?



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# Thank you!



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