

The Extra Help Low-Income Subsidy

Financial Help to Pay for Your Prescription Drug Needs

The Medicare program will provide a subsidy or "extra help" for low-income people on Medicare. Some people will automatically qualify for a full subsidy, greatly reducing the cost of participating in a Medicare drug plan. Others will have to apply for the extra help subsidy and will receive either a full or partial subsidy depending upon income and assets. Both the full and partial subsidies will help to reduce out-of-pocket costs. Applying for extra help is the first step. You also have to enroll in a prescription drug plan.

The Full Drug Subsidy

You are eligible for a full drug subsidy if any of the following apply to you:

- Your income is below 135% of the federal poverty level (see chart below) AND you do not have assets worth more than \$7,500 for a single individual or \$12,000 for a married person.¹
- You are on both Medicaid and Medicare (dual eligible).²
- You are currently receiving Supplemental Security Income (SSI).
- You are currently enrolled in a Medicare Savings Program (a QMB, SLMB or QI program).

In general, if you are eligible for a full drug subsidy:

- You will not have to pay a monthly premium (for any plan that does not cost more than the average cost of a plan in your region), deductibles or co-insurance.
- You will have to pay a prescription co-pay of \$2 for each drug on the plan's preferred drug list and \$5 for each non-preferred drug. However, if you are on both Medicare and Medicaid AND your income is below 100% of the federal poverty level (see chart below) your co-pays are reduced to \$1 for each preferred drug and \$3 for each non-preferred drug.
- You will have no co-pays once your total drug costs reach \$5,100.

The Partial Drug Subsidy

You are eligible for a partial drug subsidy if:

- You do not qualify for a full subsidy, as described above, but your income is at or below 150% of the federal poverty level (see chart below) AND you do not have assets worth more than \$11,500 for a single individual and \$23,000 for a married person.³ (Even if your income and assets are slightly above this level, you should apply for a subsidy as not all income or assets count in determining eligibility).

In general, if you are eligible for the partial drug subsidy:

- Your monthly premium will be reduced based on your specific income.
- Your deductible will be reduced to \$50 per year.
- Your coinsurance (what you pay for each medication) will be reduced to 15% of drug cost.
- Your coinsurance will be reduced to a \$ 2 co-pay for each preferred drug and a \$ 5 co-pay for each non-preferred drug once your total drug costs reach \$5,100.

Not All Income and Assets Count in Determining Eligibility for the Subsidy

Count

- Income of the applicant and spouse
- In kind gifts or contributions from others (e.g. food, rent/mortgage, utility bills)
- Cash and items readily converted to cash
- Stocks and bonds
- Checking and saving accounts
- Retirement accounts
- Whole life insurance with face value above \$1,500
- Property (other than your primary home)

Don't Count

- Income of other dependents in your household
- Your primary residence or home
- Your car
- A burial space
- Personal items (e.g., jewelry, household goods)
- Funeral and burial expenses up to \$1,500

Next Steps: What I Need to Do to Apply for a Subsidy or Extra Help

In May, the federal government's Centers for Medicare and Medicaid Services began sending letters to many Medicare beneficiaries informing them that they were **automatically eligible** for the low-income subsidy and need not apply. If you got such a letter you should automatically be in the subsidy program. Other Medicare beneficiaries received a letter saying they **may be eligible** for a subsidy. If you got a letter saying you may be eligible you must submit an application in order to get the extra help subsidy. Don't worry if you did not get either letter. You may still be eligible and there is still time to apply. "When in doubt fill it out."

We recommend that you apply for a low-income subsidy or extra help at one of your state Medicaid offices, because they can help you get the benefits of both federal and state programs. To locate the state Medicaid office nearest you, go to www.cms.hhs.gov/states/default.asp or call Social Security at 1-800-772-1213. You can also apply for a low-income subsidy or extra help at a Social Security Administration office, online at www.socialsecurity.gov, or by calling Social Security at 1-800-772-1213. *Even if you are told that you do not qualify for extra help, you are still eligible for Part D prescription drug coverage if you are on Medicare.*

FEDERAL POVERTY LEVEL CHART FOR 2005

Please refer to the chart below to determine if your income is near 150% of the federal poverty level. If your income is even close to this level, be sure to apply for the subsidy or extra help.

FAMILY SIZE	100% of FPL	135% of FPL	150% of FPL
1	\$ 9,810	\$13,160	\$14,595
2	\$13,070	\$17,561	\$19,485
3	\$16,330	\$21,962	\$24,375
4	\$19,590	\$26,363	\$29,265
5	\$22,850	\$30,764	\$34,155
For each additional person, add:	\$3,260	\$4,401	\$4,890

¹ To be eligible for a full subsidy, \$1,500 for single/\$3000 for married of the amount listed must be set aside for funeral and burial expenses.

² Dual eligibles drug plan coverage automatically includes a full extra help subsidy.

³ To be eligible for a partial subsidy, \$1,500 for single/\$3,000 for married of the amount listed must be set aside for funeral and burial expenses.

* There are higher levels for Alaska and Hawaii. Also, poverty levels change each year.