

Re-assignment of Beneficiaries Who Have the Low Income Subsidy

Overview

In the fall of 2007, CMS will re-assign low-income beneficiaries with full premium subsidies to new Medicare Prescription Drug Plans (PDPs), effective January 1, 2008. Re-assignments will be for individuals who are currently in a plan that, in 2008, will no longer have premiums below the “de minimus” amount (i.e. over \$1.00 above the low-income subsidy (LIS) amount), resulting in a premium liability for the beneficiary. CMS will also reassign LIS beneficiaries that are in plans terminating or changing from a standard benefit to an enhanced benefit.

Re-assignment of LIS Beneficiaries Due to Premium Increases

In general, CMS will re-assign LIS beneficiaries with full premium subsidies, who were auto or facilitated enrolled into a PDP¹ whose premium in 2008 no longer falls within the premium subsidy limit. These individuals will be randomly re-assigned to plans in their region with a premium at or below the regional premium subsidy amount (in limited cases reassignment will be to a “de minimus” plan in the same organization).

- If the company (sponsor organization) offering a person’s current drug plan offers another PDP in the region that has premiums at or below the regional low-income premium subsidy amount, (or if none available, a plan below “de minimus”) Medicare will reassign the person to that plan.
- If the company (sponsor organization) offering a person’s current drug plan **doesn’t** offer another PDP in the region that has premiums at or below the regional low-income premium subsidy amount, Medicare will randomly assign the person to another plan in the region that has premiums below the regional low-income premium subsidy amount.
- Remember, Medicare will not enroll people into PDPs that are sponsored by employers or that have enhanced benefit packages. Medicare will also not enroll beneficiaries who live in the territories.

People Who Will Not Be Re-assigned

- Re-assignments due to premium changes are limited to LIS beneficiaries who are currently enrolled in the PDP to which CMS originally enrolled them. Thus, if the beneficiary subsequently elected a different plan, CMS will respect that choice and will not re-assign the individual. Individuals will be notified by their plans’ Annual Notice of Change document of the new premium liability amount and by a separate letter informing them specifically that CMS will not reassign them.
- Beneficiaries who were enrolled in a plan by authorized representatives such as State Pharmaceutical Assistance Programs (SPAPs) will not be re-assigned because the actions of the SPAPs are treated as beneficiary elections.

¹ A prescription drug plan (PDP) is an organization that provides prescription drugs as determined by its plan benefit package (PBP). A sponsor organization is an entity that sponsors a prescription drug plan and is represented at the contract number level. A parent organization is an umbrella organization that owns one or more sponsor organization.

Part D Information for State Policymakers

October 3, 2007

- Beneficiaries who are losing their LIS status for 2008 will not be re-assigned. CMS notifies beneficiaries that they no longer automatically qualify for the LIS.
- For LIS beneficiaries whose PDP's premium falls within the "de minimis" range (that is, the premium is within \$1.00 of the premium subsidy amount), the beneficiary will remain in that PDP.

Notification to Beneficiaries

Medicare will mail re-assignment notices to beneficiaries by early November on blue paper.

The notices will tell beneficiaries the name of their current plan, their premium liability if they stay there, the plan to which they will be re-assigned, how to stay in their current PDP, and how to join a new plan. The notice will also include a list of plans in the region with premiums at or below the regional "de minimus" low-income premium subsidy amount and their telephone numbers.

If people who get these notices do not do anything (i.e.—people don't tell their current plan that they want to stay or join a new plan on their own by December 31, 2007), coverage in their new plan will begin effective January 1, 2008.

Early Enrollment is Key

We are urging you to encourage people to explore their options no later than December 7th. If beneficiaries want to switch plans on their own, they should do so as early as possible during the open enrollment period so their new Medicare drug plan has time to mail a membership card, acknowledgement letter, and welcome package before the new coverage becomes effective on January 1, 2008. This way, even if they go to the pharmacy on the first day their new coverage begins, they can get their prescriptions filled without delay.

Key Dates

Key dates surrounding enrollment are outlined below:

- **Mid October**: CMS sends plans and states the list of beneficiaries to be reassigned
- **Early November**: CMS sends notice to LIS beneficiaries who need reassignment
- **November 15**: Annual open enrollment period begins, in which beneficiaries may change from the plan into which they've been re-assigned or to enroll in a different plan
- **December 7, 2007**: Date by which all beneficiaries and authorized representatives who wish to change plans for 2008 should select their new plan to ensure that their plan application has been processed and they have their new plan card by January 1, 2008
- **December 31, 2007**: The official end date of the annual open enrollment period. It is important to remember that enrollments require time to process through CMS and plan systems, so enrollments made late in December may not yet be in place in pharmacy systems on January 1, 2008
- **January 1, 2008**: Effective date of all 2008 enrollments and plan reassignments for LIS beneficiaries who need reassignment