MA-2310 TAKING THE LIS APPLICATION
REVISED 09/01/06 - CHANGE NO. 21-06

I. INTRODUCTION AND OVERVIEW

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) established the Medicare Prescription Drug Program, also known as Medicare Part D. This program went into effect on January 1, 2006. There are two parts to the prescription drug benefit: 1) the Low Income Subsidy (LIS), also referred to as "extra help", and 2) prescription drug coverage through a Medicare Prescription Drug Plan (PDP) or Medicare Advantage Prescription Drug Plan (MA-PD).

The MMA created the prescription drug plan to assist Medicare beneficiaries with prescription drug costs. The basic coverage includes an annual deductible and cost-sharing or co-payments of 25% up to the initial coverage limit (this amount changes yearly) in total drug costs. The beneficiary is then responsible for 100% of prescription drug costs until the total cost reaches the catastrophic limit. Refer to figure 2 for yearly standards. The gap in coverage where the beneficiary is responsible for 100% of drug costs is referred to as the "donut hole". After a beneficiary reaches the catastrophic limit in total drug costs, the co-pay for prescriptions is 5%. There is a monthly premium.

Individuals can apply for the LIS for assistance with the premium, deductible and co-payments of a PDP. In order to receive the Part D coverage, the individual must also enroll in a PDP. LIS assistance is available for Medicare beneficiaries who have income less than 150% of the federal poverty level and who meet an asset test.

Medicaid recipients who are enrolled in Medicare no longer receive prescription coverage through Medicaid. They will continue to be eligible for Medicaid to pay other covered services. Medicaid recipients are automatically eligible for the LIS and do not need to apply.

Individuals who are not automatically eligible for the LIS may apply for the extra help at SSA or Medicaid offices. SSA has developed an automated system for the application process. The LIS application is available on the internet (on-line) at www.socialsecurity.gov. There is also a scannable paper application, SSA-1020, Application for Help with Medicare Prescription Drug Plan Costs. The Medicaid office must take an LIS application if a Medicare beneficiary wishes to apply at the local department of social services. Unless the applicant insists that dss process the application, you will forward the LIS application electronically or mail it to SSA for processing.

The county is only responsible for taking the LIS application and does not assist a Medicare beneficiary in choosing a PDP. For assistance with enrolling in a PDP or for any questions about Part D coverage, a beneficiary should call 1-800-MEDICARE (1-800-633-4227) or they may visit the Medicare web site at www.medicare.gov.

II. DEFINITIONS

A. Medicare beneficiary: A Medicare beneficiary is an individual who is entitled to Medicare Part A or enrolled in Medicare Part B. The individual must actually be receiving Medicare benefits and should have a Medicare card.

B. Medicaid recipient: For purposes of the LIS, Medicaid recipient includes individuals authorized in any aid program/category except M-WD and NCHC.

C. Deemed Individual: Certain Medicare beneficiaries will be deemed eligible for the subsidy and **do not** need to apply for the LIS. This includes individuals who receive in any aid/program category except MWD and NCHC. These deemed eligibles will receive a 100% subsidy of the premium with no annual deductible.

1. Deemed individuals who receive full Medicaid benefits are also called **Full Benefit Dual Eligibles**. These are individuals who would have received prescription coverage through Medicaid prior to January 2006. Full benefit dual eligibles will have a co-pay. Refer to figure 2 for the amount.

2. Deemed individuals who receive MQB-Q/B/E are also automatically eligible for the LIS and can enroll in a PDP at any time. These deemed eligibles will have a co-pay. Refer to figure 2 for the amount.

D. Family Size: Family size includes the applicant, the applicant's spouse living in the home and any persons related by blood, marriage or adoption, who are living with the applicant and spouse and are dependent on the applicant or spouse for at least one half their financial support.

E. Low Income Subsidy (LIS): For individuals with income less than 150% of the federal poverty level, the subsidy provides assistance with the premium payment and a reduction in the deductible and co-pays. The subsidy may be 100%, 75%, 50% or 25% of the Part D premium depending on the income range. This is also referred to as "extra help". Medicaid recipients are automatically eligible for the LIS and do not need to apply.

F. PDP – Prescription Drug Plan: This is a private prescription drug plan that offers drug-only coverage for Medicare beneficiaries.

G. MA-PD: This is a Medicare Advantage health plan that includes prescription drug coverage.

III. POLICY PRINCIPLES

A. The DSS must offer to take an LIS application for any individual who appears at DSS requesting medical or financial assistance or requesting to apply for the LIS.

B. An application for the LIS is only required for Medicare beneficiaries who are not Medicaid recipients. Medicaid includes any aid/program category except MWD or NCHC.

An authorized Medicaid recipient in any aid/program category is automatically eligible for the LIS. However, if an individual is **applying for** Medicaid and is also a Medicare beneficiary, you must complete the LIS application and forward to SSA.

C. An individual must be entitled to Medicare Part A and/or enrolled in Part B to be eligible for the LIS.

1. The individual must be entitled to Medicare Part A and/or enrolled in Part B. This means the applicant should have a Medicare card. An individual who is ineligible for free Part A and who has not yet enrolled in Part B is ineligible for the LIS.

2. Verify Medicare enrollment by viewing the Medicare card or through SOLQ or BENDEX.

D. An individual must have income less than 150% of the federal poverty level for the family size.

E. An individual must have resources equal to or less than $11,010 for a single person or $22,010 for a couple.

F. An individual need not be a resident of North Carolina for you to take an LIS application and forward it to SSA.

If the individual insists on a **state determination** of eligibility for the LIS, he must apply with the Medicaid office in his state of residence.

G. An individual must provide his Social Security number.

(III.)

H. The caseworker must evaluate a subsidy applicant for all Medicaid programs, including MQB-Q/B/E.

Follow intake procedures in MA-2300, *Initial Contact*, and MA-2301, *Conducting A Face-to-Face Intake Interview*, for an individual who comes to DSS to apply for the LIS or expressing any medical or financial need.

1. **DO NOT** refer the individual to SSA to complete the LIS application.

   An individual who comes to the agency requesting to apply for the LIS must be treated the same as any individual requesting medical or financial assistance.

2. **DO NOT** post signs referring an individual to SSA for the LIS application.

3. Complete the DMA-5093, Daily Reception Log for Medical and Financial Assistance.

4. Explain to the individual his right to apply for assistance and have him sign the DMA-5094 or DMA-5094S, Notice of Your Right to Apply for Benefits.

5. Evaluate for all Medicaid programs:

   a. If the individual chooses to apply for Medicaid, complete the appropriate forms and follow application processing requirements in MA-2301, *Conducting a Face-to-Face Interview*, MA-2303, *Verification Requirements for Applications*, and MA-2304, *Processing the Application*.

      Complete the LIS application if the individual is a Medicare beneficiary and forward to SSA for processing. SSA may determine the individual eligible for the LIS before the Medicaid application can be processed.

   b. If the individual chooses not to apply for Medicaid, treat as an inquiry and complete the DMA-5095, Medicaid/Work First Notice of Inquiry.

      Complete the LIS application if the individual is a Medicare beneficiary and forward to SSA for processing.

   c. Refer to VI. below for forwarding the LIS application to SSA for processing.

(III.)

I. The agency must provide information about eligibility for the LIS to anyone requesting it or to a Medicare beneficiary who appears at DSS requesting financial or medical assistance.

The information may be requested by telephone or in person. Information given should include:

1. The income and resource limits;

2. Enrollment in Medicare Part A or Part B; and

3. Applicant may apply at SSA, dss or on-line at www.socialsecurity.gov. Explain that if the individual applies at DSS, Medicaid eligibility will also be evaluated.

4. Refer the individual to 1-800-MEDICARE (1-800-633-4227) or SHIIP at 1-800-443-9354 if the individual has questions about PDP enrollment.

J. The caseworker makes an eligibility determination for the LIS <u>only if</u> the applicant <u>insists</u> on a state determination.

DSS processing of the LIS application is **not** an option that is offered to the applicant. He must request that the agency process the LIS application.

It is to the client's advantage to have DSS take the application but for SSA to process the application because:

1. SSA should process the application within 2 – 3 weeks and the agency has up to 45 days to determine eligibility.

2. SSA has automated matches with other federal agencies and does not require other verification from the beneficiary unless there is a discrepancy. The client must provide verifications to the caseworker according to Medicaid rules and procedures if DSS determines eligibility for the LIS.

3. Once SSA approves the LIS, the beneficiary's information is transmitted electronically to a data base. This is a manual process for DSS and may cause a delay in receipt of the benefit. The agency has up to 45 days to process, and then sends the information to DMA where it must be manually added to a data file.

(III.J.)

4. If the Medicare beneficiary moves out of state and DSS processed the LIS application, the beneficiary will be terminated and must apply in the new state of residence. If SSA is responsible for processing the LIS application, the beneficiary does not have to reapply if he moves to another state.

K. If DSS determines eligibility for the LIS, the applicant must be provided a notice of his eligibility determination and granted an opportunity for appeal through the Medicaid hearing process. This is not the case if the LIS application is forwarded to SSA for processing.

L. When DSS determines eligibility for the LIS, the county is responsible for all redeterminations unless the individual subsequently becomes eligible for a Medicaid program. The individual is then a deemed eligible.

IV. WHO MAY APPLY FOR THE LIS

A. Medicare beneficiaries who <u>do not</u> receive Medicaid must apply for the LIS.

1. Do not take an LIS application for an individual who is an **authorized** Medicaid recipient. These individuals are automatically eligible for the subsidy.

2. Take an application for the LIS if the individual is **applying for** Medicaid.

B. A representative may make an application on behalf of an individual. A representative includes:

1. An individual who is authorized to act on behalf of the applicant;

2. An individual the applicant has requested to act as representative for the application; or

3. If the applicant is incapacitated or incompetent, someone acting responsibly on his behalf.

The person who is acting as representative must attest to the accuracy of the information on the application.

V. COMPLETING THE LIS APPLICATION FOR SUBMISSION TO SSA

A simplified application form and process for verification and eligibility determination for the LIS has been developed by SSA. DSS agencies are strongly encouraged to complete the on-line LIS application.

A. Explain to the applicant that you will assist in completing the application for the subsidy and submit the application to SSA for processing.

1. Inform the applicant that he should receive a decision within 2-3 weeks.

2. Inform the applicant that if there are any discrepancies, someone from SSA will contact him.

3. Inform the applicant to call SSA at 1-800-772-1213 if he does not receive a decision from SSA.

B. The caseworker can use the on-line application process or use the SSA-1020, Application for Help with Medicare Prescription Drug Plan Costs, paper application.

1. The on-line application may be accessed at www.socialsecurity.gov. Follow the instructions on the screen for completing and submitting the application on-line.

   DMA strongly encourages use of the on-line application process. SSA has developed a system that completes matches with other agencies to reduce the verifications required and accepts the client's statement or attestation for all information.

2. The SSA-1020 paper application is a scannable document. If a caseworker completes the paper SSA-1020:

   a. **Do not photocopy:** This makes the form unscannable and may delay the application process at SSA. You must use an original SSA-1020.

   b. **Do not date-stamp:** Date stamps interfere with the scannability of the form. Enter a handwritten date in the "For Office Use Only" box on page 2, showing the date the form is completed. Also, enter "NC" in the "State Code" box. This advises SSA that Medicaid initiated the application.

(V.B.2.)

c. **Do not fold the application other than where it is pre-folded**: Additional folds may affect scanning.

d. **Do not send any additional material with the application:** SSA will contact the beneficiary if any further information is needed.

Follow instructions on the form for correct completion. Each application comes with a pre-paid reply envelope for mailing to SSA.

If the envelope is missing, mail the form to:

Social Security Administration
Wilkes-Barre Data Operations Center
P. O. Box 1020
Wilkes-Barre, PA 18767-9910

3. Provide the applicant a receipt to show the LIS application was submitted to SSA.

a. For the on-line application, print the confirmation page that verifies the LIS application has been submitted electronically. Give the client a copy and file a copy with the DMA-5095, Medicaid/Work First Notice of Inquiry, or with the Medicaid application.

b. For the paper LIS application, complete the DMA-1050, Notice of Application for Extra Help with Medicare Prescription Drug Costs. This is the applicant's receipt verifying the LIS application was completed by the dss. See MA-2310, Figure 1. Give the client the original notice and file a copy with the DMA-5095, Medicaid/Work First Notice of Inquiry, or with the Medicaid application. SSA will also send a receipt within 30 days.

VI. APPLICANT INSISTS THAT DSS PROCESS THE LIS APPLICATION

If an applicant **insists** that DSS determine eligibility for the LIS instead of forwarding it to SSA, explain the following:

A. The processing time standard is 45 days.

(VI.)

B. The client must provide verification of all income and resources as required in MA-2303, *Verification Requirements for Applications.*

C. The benefit could be delayed because the approval information must be sent to DMA after DSS processes the LIS application. DMA must then manually report the information to CMS for the subsidy benefit once a month.

D. If the client then requests that you submit the LIS application to SSA for processing, follow instructions in VI. above.

E. If the client still wants the agency to process the subsidy application, do not complete the on-line application. You must use the SSA-1020, Application for Help with Medicare Prescription Drug Plan Costs, paper application.

Refer to MA-2311, *LIS Processing and Case Maintenance,* to determine eligibility.