



## Extra Help—Changes in Low-Income Subsidy Status and Plan Assignment for 2007

Medicare is working towards a smooth transition for all Medicare beneficiaries who received extra help in paying their prescription drug costs in 2006 regardless of their status in 2007.

To ensure that every person with Medicare who qualifies for extra help (the low-income subsidy, or LIS) gets subsidized Medicare prescription drug coverage, outreach efforts are focused at the state, county, community and individual level. Medicare is conducting a multi-pronged education and outreach effort that includes direct mailings, along with local outreach from community groups, intergovernmental partners, health care plans, providers and pharmacists.

We want everyone to be aware of their coverage status for 2007 and understand their options. We encourage people to compare their options early and to take advantage of the many resources available from Medicare and its partners. Even though you can apply for extra help at any time, if an individual wants to apply for extra help, they should do so as soon as possible. Therefore, if they go to the pharmacy on the first day their new coverage begins, they can get their prescriptions filled without delay.

### Assisting Beneficiaries who no Longer Automatically Qualify for Extra Help

There are approximately 630,000 individuals who were automatically eligible for extra help last year, but who no longer automatically qualify for extra help in 2007.

Medicare is reaching out to this population to encourage them to apply for extra help for 2007.

- In partnership with the Social Security Administration, Medicare sent these individuals an application for extra help with a postage-paid envelope and a letter notifying them of their change in status.
- Medicare sent each State Medicaid Program a list of affected individuals in the state to facilitate outreach.
- Medicare provided each prescription drug plan (PDP) a list of affected individuals in their plan so they could provide one-on-one assistance to help them apply for the extra help.
- Medicare trained more than 1,200 partners on low-income subsidy issues, and we continue to work with providers, pharmacists, and hundreds of community organizations across the country to conduct outreach.

People who no longer automatically qualify for extra help in 2007 will retain their Medicare prescription drug coverage, but may face a premium liability if they don't apply and qualify for extra help based on their income and resources. Because these people may face an increased premium, Medicare has established a 3-month special election period (SEP) for these beneficiaries to switch to lower-cost plans through March 31, 2007.



## Re-assigning Beneficiaries Receiving Extra Help Due to Premium Increases

In the fall of 2006, Medicare will re-assign certain low-income beneficiaries to new Medicare PDPs, effective January 1, 2007. Re-assignments will be for individuals who qualify for extra help in 2007 who are currently in plans that, in 2007, will no longer have premiums at or below the low-income subsidy (LIS) amount.

Re-assignments due to premium changes are limited to people who qualify for extra help whose Medicare Prescription Drug Plan monthly premium is more than \$2 above the regional low-income premium subsidy amount, and Medicare enrolled them in the plan. Beneficiaries will receive a notice about their re-assignment in November on blue paper. The notice will tell them what plan they will be re-assigned to, how to stay in their current plan if they want to, and how to join a new plan.

If the company (sponsor organization) offering a person's current drug plan is offering another Medicare Prescription Drug Plan in the region that has premiums at or below the regional low-income premium subsidy amount, Medicare will re-assign the person to that plan.

If the company (sponsor organization) offering a person's current drug plan **doesn't** offer another Medicare Prescription Drug Plan in the region that has premiums at or below the regional low-income premium subsidy amount, Medicare will randomly assign these people to other plans in the region that have premiums at or below the low-income premium subsidy amount.

To respect individual choice, Medicare won't re-assign people who joined plans on their own or switched to different Medicare Prescription Drug Plans than the plan Medicare enrolled them in, even if their premiums in 2007 increase above the regional low-income amount. Medicare also won't re-assign beneficiaries who were enrolled in a plan by authorized representatives such as State Pharmaceutical Assistance Programs (SPAPs).

### Key Dates

Key dates surrounding enrollment are outlined below:

<b>September 2006</b>	Medicare sent loss of extra help notice to people who no longer automatically qualify for extra help along with an application for extra help
<b>October 2006</b>	Medicare Prescription Drug Plans send Annual Notice of Change (ANOC) to all current enrollees, including information on 2007 changes to premium Medicare sends plans and states the list of beneficiaries to be re-assigned
<b>November 2006</b>	Medicare sends re-assignment notices to beneficiaries
<b>November 15, 2006</b>	Annual open enrollment period begins
<b>December 8, 2006</b>	Date by which all beneficiaries and authorized representatives who wish to change plans for 2007 should select their new plan to ensure that their plan application has been processed and they have their new plan card by January 1, 2007
<b>January 1, 2007</b>	Effective date of all 2007 enrollments and plan re-assignments
<b>March 31, 2007</b>	End of special election period for beneficiaries notified that they no longer automatically qualify for extra help