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## ***CMCS Informational Bulletin***

DATE: June 14, 2013

FROM: Cindy Mann, Director  
Center for Medicaid and CHIP Services

SUBJECT: **Annual Re-determination of Medicare Part D Low-Income Subsidy Deemed Status (Re-deeming)**

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The Centers for Medicare & Medicaid Services (CMS) is now preparing for the annual redetermination of Medicare Part D low-income subsidy (LIS) deemed status, also known as “re-deeming.”

The information below is to help States understand the process and their role in ensuring that dual eligible beneficiaries have timely, affordable, and comprehensive coverage under the Medicare Part D prescription drug benefit.

### **General Background**

The Medicare LIS provides extra help for beneficiaries who have limited income and resources to help them pay for their Medicare prescription drug plans’ premiums, co-payments, and the annual deductible. Medicare beneficiaries who automatically qualify, and are then deemed eligible, for LIS include full-benefit dual eligible individuals, partial dual eligible individuals (Qualified Medicare Beneficiaries (QMB-only), Specified Low-Income Medicare Beneficiaries (SLMB-only), Qualifying Individuals (QI), and people who receive Supplemental Security Income (SSI) benefits but not Medicaid.

Additionally, individuals with limited incomes and resources who do not automatically qualify can apply for LIS and have their eligibility determined by either the Social Security Administration (SSA) or their State Medicaid agency. Details on the LIS benefit may be found in Chapter 13 of the Medicare Prescription Drug Benefit Manual at <http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/PartDManuals.html>.

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### **Process for Re-determining LIS Eligibility for Individuals who Automatically Qualify**

An individual determined or re-determined to be eligible for LIS from July 2012 through June 2013 will be deemed through December 31, 2013. If, during the subsequent re-determination process beginning in July 2013, it is determined that an individual continues to be eligible for LIS for the next calendar year the individual will automatically be re-deemed for all of 2014.

Throughout the year, whether an individual is being deemed or re-deemed, CMS will use State Medicare Modernization Act (MMA) and SSA files to initiate the eligibility process in deeming and re-deeming full dual and partial dual eligible individuals and SSI-only eligible individuals.

### **Newly LIS Eligible Individuals from July to December 2013**

Individuals reported as full-benefit dual eligible beneficiaries, partial dual eligible beneficiaries (QMB-only, SLMB-only, or QI), or SSI recipients for any month between July and December of the current year will have their LIS deemed status extended to December 31 of the next calendar year. For example, if a beneficiary is determined to have full or partial dual status in July 2013, their eligibility will be extended to December 31, 2014. Additionally, a beneficiary's co-payment level for 2014 will be determined by type of dual eligibility, income, and institutional status reported in or after July 2013.

CMS will continue to look for individuals who States report as full or partial duals after July. Depending on how the state reports the individual's eligibility, the individual may or may not be deemed for the next calendar year. If the state reports eligibility only for a period before July of the current year, the individual will only be deemed for the current year. If the state reports eligibility for a period that includes July or any month after July, the individual will be deemed for the remainder of the current year and all of the next calendar year. For example, if a beneficiary is reported on a September MMA file as retroactively eligible for just the month of August 2013, the person will be deemed eligible for LIS from August to December 2013 and re-deemed for all of 2014. However, if a person is reported on the September MMA file as retroactively eligible for only May 2013, the individual will only be deemed for LIS from May 2013 to December 2013. The individual will not be re-deemed for 2014.

### **Notices to Beneficiaries**

In September, CMS and SSA will issue a joint mailing to beneficiaries whose deemed status will not continue into the next calendar year based on their absence from the July or August State MMA files or SSA's August file. This mailing will include a personalized letter on gray paper from CMS explaining their loss of LIS, an SSA application for extra help and a postage-paid return envelope to assist the individual in re-establishing eligibility for the subsidy for the next calendar year.

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If any individual who receives a gray notice informing them of their loss of deemed status subsequently becomes newly eligible for Medicaid in future months, CMS will mail them a new letter on purple paper informing them that they now automatically qualify for LIS.

In early October, individuals who will continue to have LIS, but will have a change in their co-payment level in the next calendar year will receive a personalized letter on orange paper from CMS outlining the changes that will be effective January 1.

Model versions of these notices, along with a beneficiary fact sheet and partner tip sheet, will be available in August at:

<http://www.cms.hhs.gov/LimitedIncomeandResources/LISNoticesMailings/list.asp#TopOfPage>.

Please note that individuals who continue to qualify for LIS without any changes to their copayment level in 2014 will not receive a notice.

### **CMS Notification to States**

In September, CMS will provide a file to States identifying residents who are being notified of their loss of deemed status effective January 1. The file layout is attached in Appendix A. We will notify you separately of the specific date that the file will be sent.

CMS will also provide data on the MMA State response file on the re-deemed status of those reported on a given file. For example, the results of data submitted by the State for re-deeming on July 12 will appear on the CMS-generated MMA response file that will be sent back to the State within an estimated 48 hours, or by July 14. The following data will appear in the response file when the beneficiary has been re-deemed:

- Beneficiary Copay Type = D
- Beneficiary Copay Level = 1, 2, or 3
- Copay Start Date = 01/01/2014
- Copay End Date = 12/31/2014

### **What Do States Need to Do?**

We cannot overemphasize the importance of ensuring the accuracy and completeness of the State MMA files submitted starting in July for the process of re-determining deemed status. States' inclusion or exclusion of beneficiaries from their July through December 2013 MMA files will determine whether those beneficiaries will be deemed eligible for the low-income subsidy for 2014.

We strongly recommend that States use the information in our September Loss of Deemed Status file (which is attached as Appendix A) to screen these individuals for eligibility for Medicaid or any of the Medicare Savings Programs, or to work with them to apply for LIS.

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### **Additional Information**

CMS will continuously provide the resources and assistance people need to make sure that everyone who qualifies for extra help receives help paying for Medicare prescription drug coverage. In support of the effort, we are working with your offices, SSA, State Health Insurance and Assistance Programs (SHIPs), physicians, pharmacists, prescription drug plans, and hundreds of partner organizations across the country to reach beneficiaries with messages and guidance. Our customer service representatives at 1-800-MEDICARE are prepared to answer questions and to guide beneficiaries through the process of applying for LIS, and relevant information is posted on our consumer website, [www.medicare.gov](http://www.medicare.gov).

CMS appreciates States' continued assistance in ensuring that dual eligible beneficiaries have timely, affordable, and comprehensive coverage under the Medicare Part D prescription drug benefit.

Attachment

**Appendix A - Exchange Name: DEEMLD**

Table 1: This is the first record of the file. It will only occur once.

Table 2: This record will contain beneficiary information. It may occur multiple times.

Table 3: This is the last record of the file. It will only occur once.

**Table 1: Annual State File for Beneficiaries Who Lost Deeming Status– Header Record**

Data Field	Length	Position	Format	Valid Values
Header Code	6	1 ... 6	CHAR	'DEEMLD'
State Code	2	7 ... 8	CHAR	State Code
Sending Entity	8	8 ... 16	CHAR	'CMS ' CMS + 5 spaces
Run Date of the file	8	17 ... 24	CHAR	CCYYMMDD
Filler	576	25 ... 600	CHAR	spaces

**Record Length = 600**

**Table 2: Annual State File for Beneficiaries Who Lost Deeming Status– Detail Record**

Data Field	Length	Position	Format	Valid Values
Record Type	3	1 ... 3	CHAR	'DTL'
Beneficiary's Health Insurance Claim or Railroad Board Number	12	4 ... 15	CHAR	
Representative Payee Name	40	16 ... 55	CHAR	spaces if no Payee
Beneficiary's Name	40	56 ... 95	CHAR	
Beneficiary's Address Line 1	40	96 ... 135	CHAR	
Beneficiary's Address Line 2	40	136 ... 175	CHAR	
Beneficiary's Address Line 3	40	176 ... 215	CHAR	
Beneficiary's Address Line 4	40	216 ... 255	CHAR	
Beneficiary's Address Line 5	40	256 ... 295	CHAR	
Beneficiary's Address Line 6	40	296 ... 335	CHAR	
Beneficiary's City	27	336 ... 362	CHAR	
Beneficiary's State	3	363 ... 365	CHAR	
Beneficiary's Zip Code	10	366 ... 375	CHAR	
Cluster Identification Code	14	376 ... 389	CHAR	
Beneficiary's Date of Birth	8	390 ... 397	CHAR	CCYYMMDD
Beneficiary's Social Security Number	9	398 ... 406	CHAR	spaces if SSN does not exist
Filler	132	407 ... 538	CHAR	spaces
Co-Payment Level for Current Calendar Year	1	539 ... 539	CHAR	'1', '2', or '3'
Co-Payment Level for Next Calendar Year	1	540 ... 540	CHAR	'1', '2', or '3'
Reason Code for Current Calendar Year	2	541 ... 542	CHAR	'1', '10', or '2A'
Reason Code for Next Calendar Year	2	543 ... 544	CHAR	'1', '10', or '2A'
Start Date for Current Calendar Year	8	545 ... 552	CHAR	MMDDCCYY
End Date for Next Calendar Year	8	553 ... 560	CHAR	MMDDCCYY
Filler	40	561 ... 600	CHAR	spaces

<b>Data Field</b>	<b>Length</b>	<b>Position</b>	<b>Format</b>	<b>Valid Values</b>
<b>Record Length =</b>	<b>600</b>			

**Table 3: Annual State File for Beneficiaries Who Lost Deeming Status– Trailer Record**

<b>Data Field</b>	<b>Length</b>	<b>Position</b>	<b>Format</b>	<b>Valid Values</b>
Trailer Code	6	1 ... 6	CHAR	'TRLRLD'
State Code	2	7 ... 8	CHAR	State Code
Sending Entity	8	9 ... 16	CHAR	'CMS' 'CMS' + 5 spaces
Run Date of File	8	17 ... 24	CHAR	
Filler	9	25 ... 33	CHAR	spaces
Record Count	9	34 ... 42	ZD	
Filler	558	43 ... 600	CHAR	spaces

**Record Length = 600**