

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Medicare  
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## **MEDICARE PLAN PAYMENT GROUP**

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**Date:** November 16, 2017

**To:** All Part D Plan Sponsors

**From:** Jennifer Harlow /s/  
Deputy Director, Medicare Plan Payment Group

**Subject:** **2018 Resource and Cost-Sharing Limits for Low-Income Subsidy (LIS)**

The Centers for Medicare & Medicaid Services (CMS) is releasing guidance on the updated resource limits for individuals who apply and qualify for the low-income subsidy (LIS). CMS is also announcing the maximum co-payments that LIS-eligible beneficiaries, including full-benefit dual eligible and partial dual eligible individuals, will pay as enrollees of Medicare prescription drug plans in 2018.

CMS is required by statute to update the Part D resource limits, income standards, and cost-sharing amounts for the low-income subsidies each year. The 2018 resource limits are \$7,560 (\$11,340 if married) for the full low-income subsidy and \$12,600 (\$25,150 if married) for other low-income subsidies. If a beneficiary notified the Social Security Administration (SSA) that he or she expects to use some of his or her resources for burial expenses, pursuant to 20 CFR § 416.1231, the 2018 resource limits are \$9,060 (\$14,340 if married) for the full low-income subsidy and \$14,100 (\$28,150 if married) for other low-income subsidies. The attached notice provides the methodology that CMS used to update the low-income subsidy resource limits and cost-sharing amounts for 2018.

CMS will release the 2018 income standards for the low-income subsidies in early 2018, after the 2018 Federal poverty lines (FPL) are released.

### Further Information

If you have questions about this guidance, please contact Raghav Aggarwal at [raghav.aggarwal@cms.hhs.gov](mailto:raghav.aggarwal@cms.hhs.gov).

## Resource Limits for the Medicare Part D Low-Income Subsidy: Annual Adjustment for 2018

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) directs CMS to update the resource limits for the low-income subsidy each year. This notice provides: (i) the calculation methodology for updating the low-income subsidy resource limits, (ii) the low-income subsidy resource limits in 2018, and (iii) the cost-sharing for low-income subsidy eligible beneficiaries in 2018.

### I. Calculation Methodology

Section 1860D-14(a)(3) of the Social Security Act (the Act) requires CMS to use the annual percentage increase in the Consumer Price Index (CPI), All Urban Consumers (all items, U.S. city average) as of September of the previous year to update the resource limits for the low-income subsidy. CMS used the September 2016 and the September 2017 CPI values from the Bureau of Labor Statistics to calculate the annual percentage increase. The annual percentage increase in the CPI for contract year 2018 is calculated as follows:

$$\frac{\text{September 2017 CPI}}{\text{September 2016 CPI}} \text{ or } \frac{246.819}{241.428} = 1.0223$$

(Source: Bureau of Labor Statistics, Department of Labor)

The 2017 adjustment factor for the low-income subsidy resource limits is 2.23%. Per the statute, the resource limits are increased by 2.23% for 2018 and rounded to nearest multiple of \$10. Therefore, the resource limit that must not be exceeded for beneficiaries to qualify for the full low-income subsidy increases from the 2017 amount of \$7,390 (\$11,090 if married) to \$7,560 (\$11,340 if married) in 2018. The resource limit that must not be exceeded for beneficiaries to qualify for partial low-income subsidies increases from the 2017 amount of \$12,320 (\$24,600 if married) to \$12,600 (\$25,150 if married) in 2018.

As mentioned above, if a beneficiary notified SSA that he or she expects to use some of his or her resources for burial expenses, the applicable 2018 resource limits are \$9,060 (\$14,340 if married) for the full low-income subsidy and \$14,100 (\$28,150 if married) for other low-income subsidies.

### II. Resource Limits Used to Determine Eligibility for the Low-Income Subsidy (LIS)

LIS Level*	Marital Status	2017 LIS Resource Limit**	2018 LIS Resource Limit**
Full Subsidy LIS	Single	\$8,890	\$9,060
	Married	\$14,090	\$14,340
All Other LIS	Single	\$13,820	\$14,100
	Married	\$27,600	\$28,150

\* Section 3304 of the Affordable Care Act (ACA) amends section 1860D-14(a)(3)(B) of the Act by adding a special rule for widows and widowers regarding eligibility for low-income assistance. Effective 1/1/2011, redeterminations of eligibility for an LIS-eligible individual whose spouse has died are extended for one year beyond the date when his/her eligibility would have otherwise ended.

\*\* Resource limits displayed include \$1,500 per person for burial expenses.

### III. Low-Income Subsidy Eligible Beneficiary Cost-sharing

As required under section 1860D-14 of the Act, the maximum copayments below the out-of-pocket threshold for certain low-income full subsidy eligible enrollees and the deductible and the maximum copayments above the out-of-pocket threshold for partial subsidy eligible enrollees are updated using the annual percentage increase in average expenditures for Part D drugs per eligible beneficiary. In addition, the maximum copayments below the out-of-pocket threshold for full-benefit dual eligible enrollees with incomes that do not exceed 100% of the FPL are updated by the annual percentage increase in the CPI, as required under section 1860D-14(a)(4).

For additional information on how the Part D benefit parameters are updated each year, please refer to the April 3, 2017 guidance titled “Announcement of Calendar Year (CY) 2018 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter and Request for Information” available on the CMS website at <http://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Announcements-and-Documents.html>.

Please see the table below for the updated cost-sharing for low-income subsidy eligible beneficiaries in 2018.

**2018 Maximum LIS Beneficiary Cost-Sharing Table**

<b>Low-income Subsidy Category</b>	<b>Deductible</b>	<b>Copayment up to Out-of-Pocket Threshold*</b>	<b>Copayment above Out-of-Pocket Threshold*</b>
Institutionalized Full-Benefit Dual Eligible; or Beneficiaries Receiving Home and Community-Based Services	\$0	\$0	\$0
Full-Benefit Dual Eligible $\leq$ 100% FPL	\$0	\$1.25 generic, \$3.70 brand	\$0
Full-Benefit Dual Eligible $>$ 100% FPL; or Medicare Saving Program Participant (QMB-only, SLMB-only, or QD); or Supplemental Security Income (but not Medicaid) Recipient; or Applicant $<$ 135% FPL with resources $\leq$ \$9,060 (\$14,340 if married)**	\$0	\$3.35 generic, \$8.35 brand	\$0
Applicant $<$ 150% FPL with resources between \$9,060 - \$14,100 (\$14,340 - \$28,150 if married)**	\$83	15%	\$3.35 generic, \$8.35 brand

\* Out-of-Pocket Threshold is \$5,000 for 2018.

\*\* Resource limits displayed include \$1,500 per person for burial expenses.