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Center for Medicaid, CHIP, and Survey & Certification

CMCS Informational Bulletin

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FROM: Cindy Mann, Director
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SUBJECT: Update on Medicaid/CHIP and Annual Re-determination of Medicare Part D

This Informational Bulletin covers two important topics of interest to States:

- New Medicaid Tobacco Cessation Services; and
- Annual Re-determination of Medicare Part D Low-Income Subsidy Deemed Status: "Re-deeming"

New Tobacco Cessation Services

On Friday, June 24, 2011, CMCS released a State Medicaid Director's letter providing information that we hope will be helpful to States as they work to reduce tobacco utilization. The letter provides guidance on the implementation of section 4107 of the Patient Protection and Affordable Care Act to provide Medicaid coverage of tobacco cessation services, including counseling and pharmacotherapy, to pregnant women as recommended by the 2008 Public Health Service (PHS) Clinical Practice Guidelines.

The guidance further encourages States to provide tobacco cessation services for all Medicaid beneficiaries and clarifies that telephone "quitlines" will be coverable for the first time as an optional administrative activity in Medicaid and eligible for the 50 percent federal matching rate.

For more information on the new tobacco cessation services, please visit: http://www.cms.gov/smdl/downloads/SMD11-007.pdf.

Annual Re-determination of Medicare Part D Low-Income Subsidy Deemed Status: "Re-deeming"

The Centers for Medicare & Medicaid Services (CMS) is now preparing for the annual re-determination 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.

Background

The Medicare LIS provides extra help for beneficiaries who have limited income and resources to help pay their Medicare prescription drug plan's premiums, co-payments and the annual deductible. Medicare beneficiaries who automatically qualify (are 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 a 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, on our website at http://www.cms.gov/PrescriptionDrugCovContra/Downloads/R7PDB.pdf.

Process for Re-determining LIS Eligibility for People who automatically Qualify

In July of each year, CMS begins the process of determining if beneficiaries with LIS in the current calendar year will automatically qualify for LIS in the next calendar year. During this time, CMS uses State Medicare Modernization Act (MMA) and SSA files to initiate the eligibility process in re-deeming full dual and partial dual eligible individuals and SSI-only eligible individuals.

Individuals reported as full-benefit dual eligible beneficiaries, partial dual eligible beneficiaries, 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 2011, their eligibility will be extended to December 31, 2012. Additionally, a beneficiary's co-payment level for 2012 will be determined by type of dual eligibility, income, and institutional status reported in or after July 2011.

The CMS will continue to look for individuals whom States report as full or partial duals after July and will re-deem them for 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 2011, the person will be re-deemed for 2012; if a person is reported on that same file as retroactively eligible for only May 2011, s/he will not be re-deemed for 2012.

Finally, if a beneficiary was previously deemed eligible for LIS based on State data, but does not appear as subsidy-eligible in July or subsequent State MMA files, s/he will not be re-deemed for the next calendar year. Deemed status will end on December 31 of the current calendar year.

What Do States Need to Do?

We cannot overemphasize the importance of the accuracy and completeness of 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 2011 MMA files will determine whether those beneficiaries will be deemed eligible for the low-income subsidy for 2012.

We strongly recommend that States use the information in our September redeem file to screen these individuals for eligibility for Medicaid or any of the Medicare Savings Programs, or to work with them to apply for LIS.

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 State's 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 following calendar year.

In early October, individuals whose LIS will continue 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.

If any individual who received 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.

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 change to their copayment level in 2012 will not receive a notice.

CMS Notification to States

In September, CMS will provide information to States about their residents who will lose deemed status effective January 1, 2012. We strongly recommend that States use this information to screen these individuals for eligibility for Medicaid or any of the Medicare Savings Programs, or to work with them to apply for LIS. More specific information, including the file format, will be provided separately.

The 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 = 01/01/2012
- Copay End Date = 12/31/2012

Additional Information

The CMS will continuously provide the resources and assistance individuals need to ensure that all eligible beneficiaries receive help paying for Medicare prescription drug coverage. In support of this effort, we are working with States, 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.

The 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. For further information about the LIS re-deeming process, please contact Tracey Baker at 410-786-7794 or at tracey.baker@cms.hhs.gov.

I hope you will find this information helpful.