

Extra Help - The Part D Low Income Subsidy and How to Get It - 2024 Changes

"**Extra Help**" is the federal subsidy program that helps with Medicare Part D cost sharing - reducing premiums, deductibles, and copayments. It is also called the **Low Income Subsidy (LIS)**. This article will tell you:

1. **Costs Savings of Extra Help - Good Changes in 2024!**
2. **How to enroll in Extra Help - choices and strategies**
3. **How Long Does Extra Help Last?**
4. **Other Benefits of Extra Help - in Addition to Cost Savings**
5. **What to Do if the Part D Plan Doesn't Know You have Extra Help - and Charges you Too Much?**
6. **Laws, Regulations and Policies about Part D**

See **Medicare Rights Center chart on Extra Help Income and Asset Limits** (listed amounts already deduct the \$20/month income disregard)(they update it annually)

1. Cost Savings with Extra Help - Good Changes in 2024!

Up through 2023, there have been two types of Extra Help - **FULL EXTRA HELP**, which was a better subsidy, and **PARTIAL EXTRA HELP**, which is a less generous subsidy for people with slightly higher incomes.

Starting January 1, 2024, thanks to the Inflation Reduction Act of 2022, eligibility for FULL EXTRA HELP will be expanded to include all those Medicare beneficiaries who before were only eligible for Partial Extra Help.

Here is what will be covered in 2024 for everyone who, in the past, had FULL or PARTIAL Extra Help. Now all will have FULL EXTRA HELP:

1. Part D premiums

Those with Extra Help who are in a BASIC Part D plan only need to pay the part of the Part D premium that exceeds the "**benchmark**" - which is **\$48.72 in NYS in 2024**. If you are in an **ENHANCED** Part D plan, the amount covered by Extra Help is not as easy to calculate. Download this list of **NYS Stand Alone Part D Prescription Drug Plans (PDP)** ([PDF](#)). The fourth column labeled "Premium with Full Extra Help" shows your premium cost with Extra Help in 2024. If you are in a Medicare Advantage plan with Part D benefits, you need to ask your plan or check on the [CMS Planfinder](#) to see how much your premium is with Extra Help. Be sure to log in or check YES that you get Extra Help with your drug costs in order to see your reduced premium.

- **2024 Change:** Through 2023, people with Partial Extra Help received a less generous subsidy for their premiums. Now everyone with Extra Help will receive the subsidy described above.

2. Annual Deductible --

In 2024, anyone with Extra Help will have NO DEDUCTIBLE. Without Extra Help the annual deductible may be up to \$545 (2024).

- **2024 Change:** Through 2023, people with Partial Extra Help had a reduced deductible, while those with Extra Help paid NO deductible. In 2024, everyone with Extra Help will have NO DEDUCTIBLE.

3. Copayments or Co-Insurance - Everyone with Extra Help will pay

- Up to \$4.50 for each generic drug in 2024
- Up to \$11.20 for each brand-name drug in 2024

People with Extra Help in nursing homes, or those who are enrolled in Medicaid waiver programs or Managed Long Term Care (MLTC) plans have \$0 co-pays.

- **2024 Change:** Through 2023, people with Partial Extra Help could be charged coinsurance up to 15%.

4. Catastrophic coverage -- All Extra Help beneficiaries who hit the catastrophic coverage limit have \$0 co-pays. See [current co-pay levels here](#).

- **2024 Change** - Through 2023, those with Partial Extra Help who hit the catastrophic coverage limit were charged the same co-pays they paid year-round, or 5% of the drug cost, whichever is greater.

2. Enrolling in Extra Help

There are three ways to get into the LIS program. See [here for some strategy tips](#) on which pathway to choose:

1. Apply for Medicaid.

Medicaid recipients, including those who meet a [spenddown](#), are "deemed" into Extra Help (automatically enrolled by SSA) and don't have to file a separate application for Extra Help. See [more below](#) about how receiving Medicaid just for *one month* can qualify you for Extra Help for up to 18 months.

2. Enroll in a [Medicare Savings Program \(MSP\)](#)

The Medicare Savings Program includes the Qualified Medicare Beneficiary (QMB) program, which starting in 2023 now covers beneficiaries up to 138% FPL and the Qualified Individual (QI-1) program, for individuals between 138-186% FPL. There are no resource tests in New York's Medicare Savings Program. See this article for the MSP income limits. Just like Medicaid, Medicare Savings Program recipients are deemed into Extra Help and don't need to apply through SSA. For more information see this article.

3. Apply for Extra Help through the Social Security Administration.

The Extra Help income limit in 2024 is 150% FPL and -- unlike the Medicare Savings Program in NYS -- there is an asset test. You can also file an application online on the SSA website and get more information about the program. If you are denied Extra Help by the SSA, you should receive a written notice with appeal rights.

See Medicare Rights Center chart on Extra Help Income and Asset Limits - updated annually

Individuals who apply for Extra Help through the SSA and those who are deemed into Extra Help should receive written confirmation of their Extra Help status through SSA.

4. STRATEGY: Is it better to apply for Medicaid or a Medicare Savings Program to get Extra Help - or apply for Extra Help directly with the SSA?

In New York State, thanks to expansion of Medicaid and the Medicare Savings Program in 2023, there are more options for getting Extra Help than consumers have in other states. This chart helps compare the eligibility rules.

*To see the actual income limits in 2023 (to be updated for 2024 when available) see this article for Medicare Savings Programs (MSP) and this article for Medicaid.

	Medicaid	Extra Help (SSA application)	QMB MSP	QI-1 MSP
INCOME RULES (most common rules)				
Income limit*	138% FPL	150% FPL	138% FPL	186% FPL
Earned income	All use SSI earned income disregards - more than half of gross income disregarded. See <u>here</u> and here re <u>Extra Help</u> .			
Income deposited into Pooled Trust or SNT	Disregarded in NYS (allows eligibility above 138% FPL)	Income is NOT disregarded. Cannot shelter income in trust.	Disregarded in NYS - so may be eligible with incomes higher than FPL limits	
In-kind income (ie. family or pooled trust pays rent directly)	Disregarded in NYS	Counts using "ISM" SSI rules - see <u>POMS</u>	Disregarded in NYS	

Spouse's income	Counts if living with spouse, unless use Spousal Refusal. Also can use Spousal Impoverishment rules.	Counts if living with spouse. See <u>POMS</u>	Counts if living with spouse, unless use Spousal Refusal. Also can use Spousal Impoverishment rules.	
Past or current medical bills	May use medical bills to <u>offset "excess" income (spend-down)</u> to get Medicaid and Extra Help	May NOT offset excess income with past medical bills		
ASSET RULES (most common rules)				
Asset limit	\$30,182 - 1 \$40,821 - 2	\$9,090 - 1 \$15,160 - 2	NONE	NONE
Retirement funds count as asset?	Don't count if in payout status	Principal counts as asset even if in payout status		
Burial fund/Life insurance	\$1500 burial fund OR up to \$1500 cash value of life insurance excluded	\$1500 burial fund excluded AND <u>cash value of life insurance disregarded</u>		
Home	excluded (but equity limit applies if receives home care, unless spouse or disabled/ minor child lives in house)	excluded		
How to Apply				
How to Apply	Long paper application with documentation filed with local Medicaid office- <u>see here</u>	Apply <u>online</u> with SSA	1-page application unless also wants Medicaid. See <u>here</u>	1-page application filed with local Medicaid office - See <u>here</u>
How Long it Takes to Apply	45 days and often longer	FAST! 1-2 days!	45 days and often longer	45 days and often longer

As shown in the chart above, if a consumer does not have Medicaid or an MSP, and is eligible for Extra Help under the SSA rules, the fastest way to get Extra Help is to apply online. Note that the income and asset rules are more strict than for NYS Medicaid or the MSP programs.

The same consumer might be eligible BOTH for Extra Help through the SSA AND for Medicaid or an MSP. Since it takes a long time to apply for Medicaid or an MSP, consumer

might first apply online for Extra Help with the SSA, and then file the Medicaid or MSP application, which will take longer.

Both Medicaid and the MSP programs offer more benefits than Extra Help alone. So always check to see if consumer qualifies for either Medicaid or the MSP program and apply for those TOO - not just for Extra Help.

With the 2023 expansion, anyone eligible for Medicaid without a spend-down should also qualify for QMB MSP program.

3. How Long Does Extra Help Status Last?

1. For "Deemed" beneficiaries (Medicaid/Medicare Savings Program recipients):

Extra Help status lasts *at least* until the end of the current calendar year, even if the individual loses their Medicaid or Medicare Savings Program coverage during that year. Individuals who receive Medicaid or a Medicare Savings Program any month between July and December keep Extra Help for the remainder of that calendar year *and* the following year.

Getting Medicaid coverage for even just a short period of time (ie, meeting a spenddown for just one month) can ensure that Extra Help coverage continues for at least 6 months, and possibly as long as 18 months.

TIP: People with a high spend-down who want to receive Medicaid for just one month in order to get Extra Help for 6-18 months can use **past medical bills** to meet their spend-down for that one month. There are different rules for using past paid medical bills verses past unpaid medical bills. For information see [this article](#).

Individuals who are losing their deemed status at the end of a calendar year because they are no longer receiving Medicaid or the Medicare Savings Program should be notified in advance by SSA, and given an opportunity to file an Extra Help application through SSA.

2. For "non-deemed" beneficiaries (those who filed their Extra Help applications through SSA)

Non-deemed beneficiaries retain their Extra Help status until/unless SSA does a redetermination and finds the individual ineligible for Extra Help.

There are no reporting requirements per se in the Extra Help program, but beneficiaries must respond to SSA's redetermination request.

4. OTHER BENEFITS OF EXTRA HELP - In addition to Cost Savings

1. "Facilitated" or automatic enrollment into a Part D plan

Extra Help recipients who aren't already enrolled in a Part D plan and don't want to choose one on their own will be automatically enrolled into a benchmark plan by CMS. This "facilitated enrollment" ensures that Extra Help recipients have Part D coverage. However, the downside to facilitated enrollment is that the assigned plan is randomly selected -- it may not be the best "fit" for the consumer. The auto-assigned plan may not cover all their drugs, or require the consumer to go through administrative hoops like prior authorization, quantity limits and/or step therapy.

This is why it is so important to select a plan that best meets your needs - using the [CMS Planfinder](#) or get help making these choices by calling the [NYS HIICAP program](#) at 1-800-701-0501 or by calling 1-800-MEDICARE (1-800-633-4227). TTY users can call 1-877-486-2048.

2. Extra Help recipients may change plans once each calendar quarter.

If someone with Extra Help wants to change plans, they may switch plans once each calendar quarter for the first three quarters of the year. During the last calendar quarter of the year, they may only change plans effective the following January 1st. Some people may be able to change plans at other times as well - those entering or leaving a nursing home, for example. For more info about "Special Enrollment Periods," see [here](#).

3. No Late Enrollment Penalty

People without Extra Help generally face a premium penalty (higher monthly premium) if they delayed their enrollment into Part D, meaning that they didn't enroll when they were initially eligible and didn't have "creditable coverage." Extra Help recipients do not have to worry about this problem - the late enrollment penalty provision does not apply to them. See more [here about Late Enrollment Penalties](#).

5. What to do if the Part D plan doesn't know You Have Extra Help

Sometimes there are lengthy delays between the date that someone is approved for Medicaid or a Medicare Savings Program and when that information is formally conveyed to the Part D plan by CMS. As a practical matter, this often results in beneficiaries being charged co-pays, premiums and/or deductibles that they can't afford and shouldn't have to pay.

To protect Extra Help beneficiaries, CMS has a "[Best Available Evidence](#)" policy which requires plans to accept alternative forms of proof of Extra Help status and adjust the person's cost-sharing obligation accordingly. Those beneficiaries who are being charged improperly should be sure to contact their plan and provide proof of their Extra Help status. The documentation might be a Notice from the local Medicaid program approving Medicaid or a Medicare Savings Program. If the plan still won't recognize their Extra Help

status, the person or their advocate should file a complaint with the CMS regional office.

6. Law, Regulations, and Official Policy on Extra Help

The federal regulations governing the Low Income Subsidy program can be found at 42 CFR Subpart P (sections 423.771 through 423.800).

Also, CMS guidance on the LIS provisions in Chapter 13 of its Medicare Prescription Drug Benefit Manual.

Social Security Administration procedures are in the SSA POMS Manual at Section HI 030: Eligibility for Subsidized Medicare Prescription Drug Coverage

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