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**MEDICARE ACTS TO REDUCE THE NUMBER OF YEARLY DRUG PLAN  
REASSIGNMENTS AMONG LOW-INCOME BENEFICIARIES**

Today, the Centers for Medicare & Medicaid Services (CMS) issued a final regulation that could allow nearly one million Medicare beneficiaries with limited income and resources to remain in the Medicare prescription drug plan in which they are enrolled without having to pay a premium.

“It’s important that we provide stability and predictability in the prescription drug program, particularly for the beneficiaries who receive Medicare’s extra help,” said CMS Acting Administrator Kerry Weems. “By changing the method that we use to determine the benchmarks for the low-income subsidy, we are able to ensure that there will continue to be a wide choice of zero-premium plans available to these beneficiaries.”

The new rules apply to people with Medicare who are eligible for Medicare’s extra help program, the low-income subsidy (LIS) provided under the Part D prescription drug program. Currently, LIS beneficiaries who are enrolled in prescription drug plans that no longer offer a zero-premium plan, and who have not made an affirmative choice to change plans, are reassigned by Medicare to a different prescription drug plan in their region that offers coverage with no premium.

The final rule changes the way that Medicare will calculate the regional low-income subsidy benchmarks, based on comments received on the proposed rule issued in January. The LIS benchmarks reflect the amount of a plan’s premium that will be paid by the Federal government through the low-income subsidy. For example, the Federal government pays up to 100 percent of the Part D premium for LIS beneficiaries who are in plans with premiums below the regional LIS benchmark. Lower low-income subsidy benchmarks mean that there are fewer plans that offer low or zero-premiums for low-income subsidy beneficiaries. That results in more beneficiaries being reassigned to other plans.

Under the final rule, these benchmarks will be weighted based on each plan’s share of enrollees receiving the low-income subsidy, rather than their share of total Part D enrollment. This means plans with a greater number of low-income subsidy enrollees will be a larger factor when CMS calculates the benchmark. This will help to ensure that the premium subsidy amount better reflects the plans that low-income subsidy beneficiaries are enrolled in. This will result in fewer LIS beneficiaries seeing their drug coverage disrupted by having to change prescription drug plans in order to avoid paying a premium. For example, if the regulation issued today had been in place for 2008, the number of reassignments would have been reduced by 850,000.

The final rule is effective May 31, 2008. The rule can be read online and will be available at:

<http://www.cms.hhs.gov/PrescriptionDrugCovContra/downloads/CMS4133F.pdf>

