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Centers for Medicare & Medicaid Services
Room 303-D
200 Independence Avenue, SW
Washington, DC 20201



Public Affairs Office

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CONTACT: CMS Public Affairs

(202) 690-6145

CMS ISSUES PROPOSED RULE TO EXPAND PLAN CHOICES TO MEDICARE BENEFICIARIES WITH LIMITED INCOMES AND RESOURCES

Today, the Centers for Medicare & Medicaid Services (CMS) announced a proposed regulation that aims to allow more 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.

Medicare beneficiaries with limited income and resources, and those who are dually eligible for both Medicare and Medicaid, may qualify for extra help paying for their Part D premium and cost-sharing through the low-income subsidy (LIS), provided by Medicare.

Premiums for Medicare prescription drug coverage are based on prescription drug plan bids projecting the cost for providing coverage for the following year, costs that can change from year to year. Based on the bids, as required by law, CMS calculates the amount of the premium that will be paid for by Medicare for low-income beneficiaries in each region. As a result of premium and subsidy changes, the premium for any individual Part D plan can be fully covered by the subsidy in one year and not the following year. During the annual election period each fall, CMS randomly reassigns certain LIS-eligible beneficiaries to another Part D plan if they would otherwise have to begin paying a premium because their plan's premium will be higher than the amount subsidized by the Federal government.

“Through this proposed rule, we are seeking comment on a means of reducing the number of beneficiaries subject to random reassignment while maintaining the integrity of the annual bid process,” said CMS acting Administrator Kerry Weems. “We expect changes adopted in the final rule to be effective in the 2009 benefit year.”

Specifically, CMS is proposing, under certain conditions, to allow prescription drug plan sponsors to offer a reduced premium amount for certain individuals eligible for the low-income subsidy. The proposal, which would apply in regions where there otherwise would be fewer than five prescription drug plan sponsors with a “zero-premium” plan

option for limited income beneficiaries, would help to ensure there are a sufficient number of organizations offering such plans and increase the number of LIS-eligible enrollees in those regions who could remain with their current plan without having to pay a premium.

The proposed rule will be published in the *Federal Register* on January 8, 2008 and the final rule is expected to be issued on March 28, 2008 to ensure that the final policy is included in the Part D Rate Announcement on April 7, 2008. This will provide Part D sponsors with time to account for this policy as they calculate their Part D bids, which are due on June 2, 2008.

The proposed rule can be found at

<http://www.cms.hhs.gov/PrescriptionDrugCovContra/downloads/CMS4133P.pdf>.

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