

THE B&B ALERT

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MEDICARE PART D – Low Income Subsidies

By Christopher Reedy, Esquire

In our last Alert article, I answered some of the frequently asked questions that our office has received concerning the new Medicare Part D program, which will provide prescription drug coverage for seniors. Most of the questions in last week's article were concerned with the standard Medicare Part D program. This week I will be addressing how the program will affect low-income seniors.

Medicare Part D has provided three different groups of "Low-Income Subsidies." These subsidies will be available to seniors who qualify and will provide greater benefits than the standard program, culminating in less cost to the low-income senior.

To determine whether or not a senior is eligible to receive a "Low-Income Subsidy" Medicare will look at two aspects of the seniors living situation, income and assets. Certain assets, such as a home, car, or personal possessions will not be considered a countable asset. The amount of the applicant's income and assets will cause them to fall into one of three groups.

Group Three

An applicant will be considered to be in "Group Three" if it is determined that they are over 135% of the Federal Poverty Level (FPL), but below 150% of the FPL. This correlates to having an annual income for a single applicant of up to \$14,355 or for married applicants up to \$19,245. As noted earlier, in addition to meeting the income requirements, applicants will also need to meet the asset limits. A single "Group Three" member must have less than \$11,500 in assets, while married "Group Three" members must have less than \$23,000.

"Group Three" members will have an annual premium that will range from \$0 to \$420 (this is expected to be a sliding scale based on income). The annual deductible for a "Group Three" member will be \$50 and the co-pay will be 15% of drug costs (after the deductible), up to \$5,100. After the member has reached \$5,100 in drug costs for the year, the co-pay will become \$2 for generic and \$5 for brand name drugs.

One benefit that all three groups have in common is the absence of the coverage gap, or "doughnut hole," that was described last week in the Standard plan.

Group Two

An applicant will be considered to be in “Group Two” if it is determined that they are over 100% of the FPL but less than 135% of the FPL. This correlates to having an annual income for a single applicant of up to \$12,920 or for married applicants up to \$17,321. The asset level for “Group Two” is \$6,000 for single applicants and \$9,000 for married applicants.

“Group Two” members will have no annual premium or deductible. The co-pay for “Group Two” is \$2 generic and \$5 brand names up to \$5,100 in total drug costs after which there is no further co-pay.

Group One

An applicant will be considered to be in “Group One” if it is determined that they are below 100% of the FPL. This correlates to having an annual income of less than \$9,570 for a single applicant and less than \$12,830 for married applicants. The asset level for “Group One” members is \$2,000 for single applicants and \$3,000 for married applicants. Individuals who fall into this group are referred to as “dual eligibles” because they are eligible for both Medicare Part D and for Medicaid.

“Group One” members will have no annual premium or deductible. The co-pay for “Group One” is \$1 generic and \$3 brand names up to \$5,100 after which there is no further co-pay.

Enrollment

In addition to enrolling in the Medicare Part D program, applicants who would fall into “Group Three” must also sign up for the “Low-Income Subsidy.” Applicants should have already received the forms to sign up for the subsidies in the mail. Applicants who would fall into “Group One” and “Group Two” will automatically qualify for the “Low-Income Subsidies.”

The enrollment process for applicants who would fall into “Group Two” and “Group Three” is the same as for the Standard Medicare Part D program. However, “Group One” applicants will be automatically enrolled in the program if they have not applied by December 31, 2005, and their formulary will be chosen for them. Therefore it is important to enroll yourself if you fall under “Group One” status to ensure that you get the formulary that will best meet your needs.

Just by looking at the benefits that the “Low-Income Subsidies” will provide, it is clear that this part of the Medicare Part D program will provide substantial savings to those seniors who qualify. I hope this article has helped answer some of the questions that you may have had about the new Medicare Part D program.



Begley & Bookbinder, P.C. is a law firm that specializes in Elder & Disabilities Law. We are based in Moorestown, NJ, with offices in Stone Harbor & Lawrenceville.

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