



## The ABCs of the LIS:

### Tips on Assisting People with Medicare to Apply for Help with Medicare Prescription Drug Plan Costs

You may be assisting clients to see if they qualify for Extra Help in paying for their prescription drug costs under the Medicare Prescription Drug Coverage (also called Part D) that went into effect in January 2006. This Extra Help, also called the Low-Income Subsidy, or LIS, can be very valuable for your clients. According to the Centers for Medicare & Medicaid Services (CMS) and the Social Security Administration (SSA), in 2009 the average annual value of the benefit to a person with Medicare who qualifies for the LIS is \$3,900.

Even outside of the annual open enrollment period each year (November 15-December 31), you can still get your clients with limited income and resources into the LIS. *People with Medicare who newly qualify for the LIS can join a Part D plan at anytime without facing a late enrollment penalty. They can also change plans as often as once per month*

If your clients receive Medicaid and/or SSI, or are enrolled in one of the Medicare Savings Programs, then they should automatically get this Extra Help -- they don't need to apply for it. They should also receive a letter (called "Important Information from Medicare about Paying for Prescription Drugs") from CMS notifying them of this. Other clients will likely need your help in completing the SSA application (SSA-1020 form: Application for Help with Medicare Prescription Drug Plan Costs) to see if they are eligible for this Extra Help.

In general, a person with Medicare may qualify for Extra Help if:

- Monthly income is \$1,353.75 or less for a single person (\$16,245 annual income) or \$1,821.25 or less for a married couple living together (\$21,855 annual income). Slightly higher income limits may apply if your clients provide at least half of the financial support for other relatives living in their households, if your clients have earnings from work, or if your clients reside in Alaska or Hawaii. (In Alaska, the monthly income limit is \$1,691.25 for a single person/\$2,276.25 for a married couple living together. In Hawaii, the monthly limit is \$1,557.50 for a single person/\$2,095 for a married couple living together.)
- Resources or assets (such as savings accounts or investments) are below \$12,510 for a single person or \$25,010 for a married couple living together.

If your client's income or resources are slightly higher than the limits listed above, you should still complete the application as the Social Security Administration allows other deductions which may make your client eligible for the Extra Help.

***When in doubt, fill it out!***

## Getting Ready to Apply

Here are some suggestions to help you assist your clients to apply. First, we'll offer some general tips about filling out the application. Then we'll provide some specific tips on questions from the application that may be more difficult to answer.

Your clients have the option of applying for Extra Help using the forms and process established by the Social Security Administration (SSA) or through a process set up by your state's Medical Assistance (Medicaid) office.

While your client will likely apply using the SSA process, there are some instances in which it may be better to have them submit applications through the state Medicaid office. This may be true in cases where your clients have incomes and resources above the federal limits set in the SSA application process. Some states have more generous eligibility limits for their Medicare Savings Programs (e.g., no asset test, higher asset limits allowed). As you know, those enrolled in a Medicare Savings Program are automatically "deemed eligible" for the Extra Help even if they would *not* qualify under SSA's federal eligibility limits for the LIS. So, having your client apply through a Medicaid office, in some instances, may provide a "back door" way for becoming eligible for the Extra Help with prescription drug costs.

The information provided in this guide assumes your client is applying for the Extra Help through your organization using the SSA process. Contact your state Medicaid office for additional information on their eligibility criteria for Medicare Savings Programs. Visit [www.medicare.gov](http://www.medicare.gov) and click on "Helpful Phone Numbers and Web Sites" to search for more information on your state Medical Assistance office.

Have your clients' records handy in order to answer some of the questions on the LIS application. These records are likely to include:

- Statements that show account balances at banks, credit unions or other financial institutions
- Investment statements
- Life insurance policy statements
- Tax returns
- Pension award letters
- Payroll slips

**Important:** Your clients do *not* need to provide copies of any of the documents listed above as proof of eligibility for the Extra Help. This is simply useful information to have on hand when filling out the application. Your clients' declaration of their income and resources is accepted for the Extra Help application process, which is different from stringent documentation requirements for other means-tested programs. The Social Security Administration will compare the answers provided on this application with other federal agencies' records to resolve discrepancies.

## Ways to Apply

There are two basic ways your clients apply for the Extra Help.

- 1) **On paper:** You can assist them with completing the Application for Help with Medicare Prescription Drug Plan Costs using a scannable paper form. You can obtain scannable forms, which are available in both English and Spanish, by contacting your local SSA office. Instruction sheets are available in 15 different languages for side-by-side comparisons with the English version of the applications and interactions with your clients. These languages include: Arabic, Armenian, Chinese, Farsi, French, Greek, Haitian-Creole, Italian, Korean, Polish, Portuguese, Russian, Spanish, Tagalog, and Vietnamese. Answers to questions on application forms must be submitted in English, however. Go to [www.socialsecurity.gov/prescriptionhelp/](http://www.socialsecurity.gov/prescriptionhelp/) to access these instruction sheets.

### ***Why is it important to use a scannable form, rather than a photocopy?***

For those who want to complete the form on paper rather than apply online, it is very important to use an actual “scannable” form, rather than a photocopy of the form. Your clients may receive a scannable form in the mail from the Social Security Administration. Or you can get scannable forms from your local Social Security office.

The scannable forms use a special paper with a bar code which allows them to be easily scanned in when SSA receives the application. While SSA will process photocopies of forms, these need to be manually entered into the system, which takes additional time. So it may take much longer for your clients to receive a determination of their eligibility for the LIS from SSA.

- 2) **Online:** You can also help your clients apply for the Extra Help online using one of two web-based applications.
  - a. **The BenefitsCheckUp web site ([www.BenefitsCheckUp.org](http://www.BenefitsCheckUp.org)):** You can apply online for Medicare Rx Extra Help through the application on BenefitsCheckUp. The added feature of applying online for LIS through BenefitsCheckUp is that your clients will also be *automatically screened* for other valuable federal and state benefits such as the Medicare Savings Programs (MSPs), Supplemental Security Income (SSI), Medicaid, and if applicable, their state’s Pharmaceutical Assistance Program (SPAP).
  - b. **The Social Security web site ([www.socialsecurity.gov/prescriptionhelp/](http://www.socialsecurity.gov/prescriptionhelp/)):** Through this site you can submit an online application for the Extra Help to Social Security.

## **Completing the “Application for Help with Medicare Prescription Drug Plan Costs”**

This section is designed to provide you with tips for completing some of the more challenging questions in the application.

### **General Instructions for Completing the Application for Help with Medicare Prescription Drug Plan Costs (SSA 1020 form)**

#### **Scannable paper form**

This form is read by a machine so it is important that you do the following when helping your clients to fill out these forms:

- Make your X marks clearly with BLACK INK or a # 2 PENCIL
- Keep your answers inside the boxes
- Do not repeat the \$ that is already printed next to the boxes
- Round amounts to the nearest whole dollar
- Write your answers in CAPITAL LETTERS
- Be sure to use the ORIGINAL scannable SSA Form, not a photocopy
- Do not fold any more than it has already been pre-folded.
- If pre-addressed envelope is missing, mail the form to: Social Security Administration, Wilkes-Barre Data Operations Center, P.O. Box 1020, Wilkes-Barre, PA 18767-9910

#### **Online LIS application through BenefitsCheckUp**

- All required information must be completed before you can submit your application. Electronic signatures using the “click and sign” function will complete the application.
- If you submit an application through BenefitsCheckUp and the application is partially processed by SSA, you and your client will receive a re-entry number that you can use to access your client’s application by visiting the Social Security web site.
- Do not use BACK button on the web browser.
- Do not use the Enter key to move around in the application or to select from the drop-down lists.
- There is a 45-minute time limit for your work on each page.

#### **Online LIS application through Social Security**

- All required information must be completed before it can be submitted and processed. Electronic signatures using the “click and sign” function will complete the application.
- Do not use BACK button on the web browser.
- Do not use the Enter key to move around in the application or to select from the drop-down lists.
- There are time limits for your work on each page. You will receive warnings when you near those limits.
- Provided Social Security can verify your client’s name and Social Security number, you and your clients will be able to save a partially completed online application and come back later to finish it when they have all the information they need. When they save it, they will be given what is called a “re-entry number” which will allow them to call their application back up when they are online and complete it.

**Question 1:** Applicant's Name: Print name **as it appears on your Social Security card**. Use one box for each letter.

**Question 2:** If you are **married and living with your spouse**, please provide the following information **as it appears on your spouse's Social Security card**.

While these questions probably seem pretty basic, Social Security cannot process your client's application if the name on the application does not match with they have on record. So it is very important that your clients enter their name (or their spouse's name) exactly as it appears on their Social Security card.

**Question 3:** If you are married and living with your spouse, do you have savings, investments or real estate worth more than \$23,970? If not married or you don't live with your spouse, do you have savings, investments or real estate worth more than \$11,990?

This question is designed to screen people based on their resources to see if they might be eligible for the Extra Help. Resources not included towards the limit are your client's home, vehicles, burial plots or personal possessions. If you answer NOT SURE, you may still qualify for Extra Help. By putting an "X" in the NO or NOT SURE box, someone from Social Security will telephone or write you or your client to help with the reply.

**Question 4:** Please enter the money amounts of all bank accounts, investments or cash that either you, your spouse, if married and living together, or both of you own in the boxes below.

When answering this question, include items that your client and/or spouse own with other people, as SSA considers that an applicant has full access to any resources that they own with someone other than their spouse (such as an adult child).

**Question 5:** Do you own life insurance policies with a total face value of more than \$1,500? (Answer for you and your spouse if your spouse lives with you.) If the answer for either of you is YES, how much money would you get if you turned in your insurance policies for cash right now?

Certain types of policies do not count when answering this question. Examples are:

- Term insurance that does not have a cash or surrender value
- Burial insurance when the death benefit can be used only to pay for funeral expenses

The "cash value" that you are asked to enter for the second part of the question is what your clients would get if they cashed in their policy today. If they have taken loans on that policy, the cash value will usually be reduced.

If your clients don't know the answer to this question (and can't find their life insurance policy statement in order to look it up), they may need to contact their life insurance agent or the

company to get this information. You might consider a three-way phone call between you, your client and the insurance company to receive permission to find out about the policy's cash value.

If you and your clients still cannot locate information on specific life insurance companies (particularly if names or ownership of life insurance companies have changed over time), you should contact your state insurance departments. Visit

[http://www.naic.org/state\\_web\\_map.htm](http://www.naic.org/state_web_map.htm) to get contact information for your state.

**Question 6:** Will some money from the sources listed in **questions 4 and 5** be used to pay for funeral or burial expenses?

Social Security allows applicants a \$1500 per person allowance to pay for funeral and/or burial expenses. If your client's answer to this question is yes (which it will be for most people), they do not need to enter an answer for this question and should skip to question 7. They should only answer NO if they do not plan to use any of their savings/resources to pay for funeral/burial expenses.

**Question 7:** Other than your home and the property on which it is located, do you or your spouse, if married and living together, own any real estate?

It is important to remember here that your clients' homes, or primary residence, and the property on which they are located are NOT counted as resources when figuring out eligibility for the Extra Help, but other non-home property must be listed.

**Question 8:** Not counting your spouse if you are married, how many other relatives live in your household and receive **at least one-half** of their financial support from you or your spouse. We count relatives related to you by blood, marriage or adoption.

Count all relatives who live in the home and for whom your clients (or their spouse) provide half their support, including children under age 18. This will increase the amount of income your clients are allowed to have and still be eligible for the Extra Help. In addition to household expenses, you may include such things as help with medications and college tuition.

**Question 11:** Do you count on anyone to help pay for any of the following household expenses – food, mortgage, rent, heating fuel or gas, electricity, water, and property taxes?

If your clients share a home with someone who pays for the household expenses, or if their children or friends provide such assistance, do your best to estimate this amount. Here is a way to count the contribution: Add the cost of rent or mortgage and property taxes, heating/cooling fuel, gas, electricity, water, sewage, and garbage collection. (Do NOT count income from government assistance programs such as Food Stamps, Meals on Wheels, rental assistance or home energy assistance (also called LIHEAP) as these are excluded.) Then, divide this amount by the number of people in the household. Record this amount; SSA will include only a portion of this amount as countable income based on a formula (the federal benefit rate, or FBR) used for the federal Supplemental Security Income benefit.

**EXAMPLE:**

***Calculating Household Contributions from Others***

Mrs. Jones lives with her adult daughter, Sheila. Sheila pays the monthly mortgage payment (\$700), utilities (\$200) and groceries (\$100) for her and her mother.

The amount of the household contribution you would report for on Mrs. Jones' LIS application would be:

$$\frac{700+200+100 \text{ (or } \$1,000\text{)}}{2} \gg \boxed{\$500}$$

SSA will determine the portion of this reported amount that will be included as countable income.

**Question 12:** What do you expect to earn in wages before taxes and deductions this calendar year?

Even if your clients expect to earn wages in the coming year, they may still be eligible for Extra Help to pay for prescription drugs. "Wages" includes salaries, commissions, bonuses, and severance pay. Income from the Senior Community Service Employment Programs (SCSEP) will be included as countable income. Income paid through former ACTION programs through the Corporation for National and Community Service (e.g., Americorps-VISTA, Foster Grandparents, Retired Senior Volunteer Program (RSVP), Senior Companion program) is not considered countable income.

**Question 13:** What do you expect your net earnings from self-employment to be **this calendar year?**

Net earnings from self-employment mean the gross earnings from a trade or business minus the allowable deductions for that trade or business, such as cost of tools or equipment.

**Questions 14 and 15:** Have the amounts you included in questions 12 or 13 decreased in the last two years (Q14)? If you or your spouse stopped working in 2007 or 2008, or plan to stop working in 2008 or 2009, enter the month and year (Q15).

The Social Security Administration will compare the answers on this application with other federal agencies' records. This information will help to resolve discrepancies.

**Question 16:** Do you or your spouse have to pay for things that enable you to work?

If your clients check the YES box for this question, the Social Security Administration will exclude from countable income a portion of work-related expenses for disabled or blind clients under age 65 receiving Title II disability benefits. SSA will tell your clients how much income

they have excluded from the income limit. If your clients' expenses are higher, your client may appeal using records to document his or her *actual* expenses.

## **Signatures Section**

If submitting the paper application, your clients must sign the form. And if your clients are married and living with their spouse, their spouse must also sign even if he or she is not applying for the Extra Help with Medicare prescription drug costs. If applying online, your applicant will sign electronically, using a "click and sign" feature similar to the one used for Medicare drug discount cards.

Signing the form indicates your client knows that the Social Security Administration will check statements from other government agencies to verify their income and resources, and that the application has been completed accurately and honestly to the best of your client's ability. You and your client are verifying that you have not *knowingly* provided any false information. A personal representative (e.g., adult child, representative from a community-based organization) can sign on behalf of clients if they are not able to sign.

Be sure to include a phone number so that someone from SSA can call if they have questions or need more information. If you completed the form for your client, you too must sign in Section B. If your client wants you to be the contact person for SSA follow up, put your name and phone number also in the space just above Section B.

### **What happens if my client can't complete the form?**

While obviously completed applications are best, SSA will accept incomplete paper applications. Online applications must be complete in order to be accepted. If your client submits an incomplete application, SSA will then contact your client (or the contact person they listed in the application) by phone or in writing (if they are unable to make contact by phone) to help them complete the form. So it is *very* important that your clients fill in their name, address and phone number so that SSA knows where to reach them.

If someone calls you or your client for more information necessary to complete the form, be sure this person is actually from the Social Security Administration. A SSA employee will not ask for your Social Security Number (unless the number you have given is incorrect). If you or your client are at all suspicious about a call from someone claiming to be from SSA, hang up and call SSA at 1-800-772-1213 to find out if the call was legitimate.

### **What happens next?**

Your client has submitted an application, so now what actions will SSA take? They will:

- Send a notice of receipt of application to your client
- Contact the client with additional questions (if application is incomplete or if income information does not match up with other federal records). The client will have 15 days to submit the additional information. If the information is not provided

within that time, the client will have to reapply.

- Determine whether your client is eligible for Extra Help
- Notify your client of his or her eligibility status

### ***Not eligible for the Extra Help – how do I advise my clients?***

If SSA determined that your clients are NOT eligible for the Extra Help, they may appeal the decision within 60 days. An appeal request can be filed with any SSA office in person, by mail, by fax, or by phone (1-800-772-1213). Telephone hearings will be held to review the initial determination, unless your client requests a “case review.” SSA will then mail your client a written decision. The Social Security Administration’s appeal decision is binding, unless appealed further into Federal district court within 60 days.

NOTE: If your clients initially applied for Extra Help at the State Medicaid office, the appeals process will be different. In these cases, states are required to follow the same appeals process used for Medicaid application appeals.

**Remember:** Completing this application form does not enroll someone in the Medicare Prescription Drug Coverage. Although your clients may be determined to be eligible for Extra Help in paying for prescription drugs, they will still need to select the plan that works best for their needs and join that plan in order to get their drug coverage. You can find detailed information on the plans available in your geographic area at [www.Medicare.gov](http://www.Medicare.gov). If your clients are approved for the LIS and do not select a plan on their own, then CMS will “facilitate” their enrollment into a plan. However, CMS randomly assigns beneficiaries to plans with premiums below the low-income benchmark for their region, so it is in your clients’ best interest to select the plan that they feel best meets their needs. And, if your clients choose a plan on their own rather than waiting for CMS to assign them to one, their drug coverage will begin much sooner.

## **For More Information**

For more information on the Application for Help with Medicare Prescription Drug Plan Costs, visit [www.socialsecurity.gov](http://www.socialsecurity.gov) or call the Social Security Administration at 1-800-772-1213. Additional information can be found at [www.AccessToBenefits.org](http://www.AccessToBenefits.org) (the Access to Benefits Coalition web site).

For more information on joining a plan, visit [www.medicare.gov](http://www.medicare.gov) or call 1-800-MEDICARE (1-800-633-4227).

*This information has been prepared by the ABC Coalition in an effort to see that every person who may be eligible for Extra Help in paying for their prescription drugs applies for that help. We greatly appreciate the assistance of*

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