

DEPARTMENT OF HEALTH &
HUMAN SERVICES
Centers for Medicare & Medicaid
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CENTER FOR MEDICARE

DATE: April 9, 2024

TO: All Part D Plans

FROM: Jerry Mulcahy, Director, Medicare Enrollment and Appeals Group
Jennifer R. Shapiro, Director, Medicare Plan Payment Group

SUBJECT: Reinstatement of Low Income Subsidy (LIS) periods until April 2024 –
INFORMATION

As discussed in the December 22, 2023, Health Plan Management System (HPMS) memorandum titled “ACTION: Open-ended Low Income Subsidy (LIS) periods correction,” on November 8, 2023 a data cleanup was conducted to correct open-ended LIS periods that were out of sync with Social Security Administration (SSA) records. New end dates to LIS periods were retroactively populated, which caused unanticipated beneficiary impact, resulting in some beneficiaries being notified of retroactive premium and/or cost-sharing amounts due. CMS requested that Medicare Advantage (MA) organizations and Medicare Part D plan sponsors pause any collection efforts for Part D premiums or cost-sharing for the beneficiaries impacted by the cleanup and continue to administer the Part D benefit with LIS-level premiums and cost-sharing by disregarding the updates to the beneficiaries’ retroactive LIS end dates received on the November 10, 2023 Daily Transaction Reply Report (DTRR) file with 223 (Low Income Period Removed from Enrollment Period) or taking other, similar action.

On March 30, 2024, CMS processed a data cleanup to retroactively reinstate those affected beneficiaries’ LIS periods, back to 2017 and with an end date on April 30, 2024 (unless the beneficiary otherwise has a new LIS period). LIS periods that are extended with this data clean up were updated in the Medicare Advantage Prescription Drug system (MARx) on or about March 31, 2024, and this information was communicated to Part D plans via the DTRR with the Transaction Reply Codes (TRC) 121 (Low Income Period Status) and 223 (Low Income Period Removed from Enrollment Period). Other MARx reports that will reflect the updated LIS period are the Biweekly Low Income Subsidy Report, Monthly Low Income Subsidy History Report, and the Full Enrollment File.

The May 2024 payment to Part D plans will include a retroactive payment adjustment ranging from 2017 to 2024 that reflects LIS status for beneficiaries as shown on the March 31, 2024 DTRR. The

adjustments will appear in the May 2024 Monthly Membership Report with Adjustment Reason Code (ARC) 31 (Retroactive Change to Part D Low Income Status). Here, Part D plans will be able to review retroactive payment adjustments to the Low Income Premium Subsidy (LIPS) amounts, Low Income Cost Sharing (LICS) amounts, and changes to the risk adjustment factor used to calculate the Part D payment.

Next steps – CMS

CMS is sending notices the week of April 8th to the affected beneficiaries, letting them know that their LIS (Extra Help) benefits have been extended to April 30, 2024. Further, we will explain that beneficiaries should not pay any bill they receive from their Part D plan for back payment for excess LIS (Extra Help) benefits. We also will explain that beneficiaries who may already have paid these plan bills can expect their plan to automatically issue them a refund.

If a beneficiary has not received a notice saying they will get Extra Help in 2024, they should reapply now to find out if they can get Extra Help after the extension ends on April 30. To apply for Extra Help, beneficiaries can apply online at secure.ssa.gov/i1020/start, or initiate an application by calling Social Security at 1-800-772-1213. TTY users can call 1-800-325-0778. If an individual applies and does not qualify for Extra Help after the extension ends, they can reapply any time their income and resources change.

Next steps – Plan sponsors

To the extent that plan sponsors have collected premiums and/or cost sharing related to this issue, they should return these amounts to the applicable beneficiaries for the affected months.

For periods after the LIS period that ends on April 30, 2024 (notwithstanding a new LIS period that would apply past April 2024), we remind Part D plan sponsors that have a policy to disenroll members for failure to pay premiums that the grace period for premium payment, which must be no less than two full calendar months in length, cannot start until the Part D plan has billed the member for the delinquent premium(s) and provided the member an opportunity to pay. Additionally, when requesting payment for past months, Part D sponsors must offer a payment plan and allow the past due premiums to be paid over a period that is at least as long as the delay in billing. In doing so, plans can avoid invoking their policy of disenrollment for failure to pay premiums while the member is adhering to the payment plan.

Part D plans that withheld Prescription Drug Event (PDE) records or received PDE rejections for affected beneficiaries can submit updated PDEs for all affected beneficiaries for all impacted benefit years. Any change in LICS amounts submitted on the PDE and/or prospective LICS amounts will impact LICS reconciliation amounts.

Questions or concerns about any of the information within this letter should be directed to the MAPD Help Desk at mapdhelp@cms.hhs.gov, or 1-800-927-8069.