



Policy Memo

KDHE – DHCF POLICY NO: 2011-12-01		From: Jeanine Schieferecke Senior Manager - Medicaid Eligibility	
Date: December 6, 2011		KEESM Reference: 2675	
RE: Medicare Part D Subsidy (LIS) – SSA to Process All Determined Applications		Program(s): Medicare Part D Subsidy Program	

The purpose of this memo is to provide implementation instructions to eligibility staff concerning Medicare Part D Subsidy only applications. The state will no longer be responsible for processing Subsidy only applications. This policy change is effective with the issuance of this memo and shall be applied to all currently pending applications and any new applications received by the agency. The Kansas Economic and Employment Support Manual (KEESM) will be updated with these changes at the next scheduled revision.

A. Background

The Medicare Part D Subsidy program – also known as Low Income Subsidy (LIS) – provides special assistance (Extra Help) to qualifying Medicare recipients who have few resources and little income. The Subsidy program provides a Medicare eligible individual with help paying for their Medicare Part D premiums, co-payments and deductibles.

Deemed eligibles are automatically eligible for coverage due to receipt of other medical assistance and do not have to file a separate Subsidy application – those include individuals receiving full Medicaid coverage, eligibility under a Medicare Savings Program (QMB, LMB, Expanded LMB), or on Medically Needy (MN) with a met spenddown.

Determined eligibles (ie: individuals not otherwise deemed eligible for coverage) must complete an application for Subsidy coverage. Individuals currently have the option of applying for the Subsidy either directly with the Social Security Administration (SSA) or with the state through the local SRS office.

Since there is no coordination of Subsidy applications between these agencies, multiple applications with various start dates may be filed with overlapping (and sometimes conflicting) eligibility determinations. In addition, processing Medicare Subsidy Part D only (determined eligible) applications by the state agency on the KAECSES eligibility system has proven to be exceptionally complicated and error-prone.

Rm. 900-N, Landon Building, 900 SW Jackson Street, Topeka, KS 66612-1220

www.kdheks.gov/hcf/

Medicaid and HealthWave:
 Phone: 785-296-3981
 Fax: 785-296-4813

State Employee Health
 Benefits and Plan Purchasing:
 Phone: 785-368-6361
 Fax: 785-368-7180

State Self Insurance Fund:
 Phone: 785-296-2364
 Fax: 785-296-6995

B. Application of Policy

Effective with the issuance of this memo, eligibility staff shall no longer be responsible for accepting, processing, or maintaining Medicare Subsidy Part D only applications. Individuals seeking only Subsidy coverage as a determined eligible (ie: those who are not otherwise deemed eligible as described above) shall be directed to file an application with SSA.

- 1. SSA-1020 Subsidy Application** – The SSA-1020 form is the application used by SSA to determine eligibility for the Medicare Part D Subsidy coverage. Staff may contact one of the SSA field offices in the state to obtain a supply of the form. Applicants may also call SSA toll free at 1-800-772-1213 to apply over the phone or to request an application be mailed to them, or they may apply online at www.socialsecurity.gov/extrahelp.
- 2. Exception** – While an individual requesting Subsidy only coverage shall be encouraged to file an application directly with SSA via the SSA-1020 Subsidy form, staff may assist the applicant in completing the SSA-1020. The form is date stamped upon receipt in the local office. The completed form shall then be forwarded to the SSA Subsidy processing center at:

Social Security Administration
Wilkes-Barre Data Operations Center
P.O. Box 1020
Wilkes-Barre, PA 18767-9910

An individual who has already applied for Subsidy coverage with SSA should wait for that determination to be completed. However, the individual may file an application with staff while the SSA application is still pending. The application shall be accepted, date stamped, and forwarded to SSA for processing as indicated above.

C. Transition

A report has been created which identifies all cases with open-ended Subsidy coding on the KAECSES SUDD screen. These cases all have a Subsidy start date, but no closure/end date. Each case on the report must be reviewed by staff to determine the appropriate action to take as indicated below. Action to update the identified cases must be completed as soon as possible, but no later than 12/16/2011.

- 1. Subsidy-Only** – A Subsidy-only medical case shall be closed effective 12/31/2011. The SUDD screen should be accessed and the action code of CL (Closure) entered along with the appropriate closure reason for the individual. The closure date will automatically populate with the last day of the month. The MD code in the Special Medical Indicator (SMI) field on the PICK screen should also be removed. The N840 (Discontinuance of Subsidy D Only Coverage) shall be sent to the consumer indicating the agency is no longer responsible for taking, processing, or managing applications for extra help. They are further directed to contact Social Security for the status of their coverage.
- 2. Subsidy With Unmet Spenddown** – The Subsidy portion of the case shall be end dated effective 12/31/2011 on the SUDD screen and the MD code in the Special Medical Indicator (SMI) field on the PICK screen removed. The N840 (Discontinuance of Subsidy D Only Coverage) notice shall be sent to

the consumer. Assuming the individual is otherwise eligible, the existing spenddown coverage may continue.

NOTE: Eligibility staff are reminded that an application for Medically Needy (MN) spenddown coverage shall be approved only where it appears likely that the spenddown will be met within the base period based on the information available at the time the application is processed. Medically Needy (MN) coverage also should not be continued for an individual who has failed to meet the spenddown in a previous base period with little, if any, likelihood of meeting a new spenddown.

3. **Subsidy Prior to QMB Coverage** – Individuals approved for Subsidy coverage for the month(s) prior to the month QMB coverage begins, by policy, should already have a Subsidy end date entered on the SUDD screen – this date should be the last day of the month prior to the month QMB coverage begins. However, there may be cases where this end date was not properly entered or the MD code was not removed from the PICK screen when the case was originally processed. The coding on these cases should be corrected once identified.
4. **Dual Eligibles** – There should be no dual eligible individuals (Medicare and Medicaid) with separate companion Subsidy coding since these individuals are deemed eligible. However, cases identified with this incorrect coding should be corrected by entering an end date on the SUDD screen and removing the MD code from the PICK screen. Since this is simply a clean-up action, no notification to the customer is required.

NOTE: Should eligibility staff identify recently opened determined eligible Subsidy cases not captured by the report, action to close the Subsidy portion of the case should be taken as indicated above, including issuance of the N840 (Discontinuance of Subsidy D Only Coverage) notice.

D. Pending Applications – No Subsidy only determination shall be made on any medical application pending as of the date of this memo.

- (1) **Subsidy Only** – Any pending Subsidy only application shall be denied using the OT (Other) denial code. The existing N239 (Denial – Part D Subsidy Only) notice shall be sent to the applicant. The eligibility worker shall use number “3. Other” as the denial reason on the notice and insert the following language: “**We are taking this action because we no longer take or process applications for the extra help.**” It is anticipated few, if any, Subsidy only applications to be currently pending.
- (2) **Other Medical** – All other applications for medical assistance shall be processed using established criteria and processing standards for those programs. Individuals deemed eligible for Subsidy coverage shall continue to be so notified. Staff need not complete a separate Subsidy only determination for those not otherwise deemed eligible.

E. Notices – One new Subsidy related notice has been created and several existing notices have been eliminated due to this transition.

1. **New Notice – N840** (Discontinuance of Subsidy D Only Coverage) is a new KAECSES system notice created specifically to notify the individual that the state is no longer responsible for accepting, processing, or maintaining Subsidy only applications. The notice directs the consumer to contact Social Security concerning the status of their Subsidy coverage and determine what steps (if any) they

need to take to ensure continued coverage. This notice shall be used for all Subsidy only closures associated with this policy change. A copy of the notice has been attached.

2. Discontinued Notices – The following Subsidy only notices have been end dated and are no longer available.

N139	N140	N170	N171	N172	N239	N270	N271
N272	N451	N452	N453	N454	N455	N728	

3. Dual Eligibles – As noted above, staff are still responsible for determining eligibility for dual eligible individuals – those with both Medicare and either full Medicaid (including a met spenddown) or MSP (QMB, LMB, or ELMB) coverage. Eligibility staff shall continue to notify recipients of deemed Subsidy eligibility along with other medical coverage using the existing KAECSES notices designed specifically for individuals with deemed eligibility.

Note: Deemed Subsidy eligibility for Medicare individuals occurs when Medicaid or MSP coverage is approved. Neither the MD PICK code nor the SUDD screen are used to establish Subsidy eligibility for this group. See KEESM 2675.1.

F. System Changes – The following changes to the KAECSES and iCMMIS systems will be made to support this change in policy.

- (1) PICK Code** – The Special Medical Indicator (SMI) code of **MD** (Subsidy D only) will be end dated in KAECSES. Since staff shall no longer be responsible for completing a Subsidy only determination, this code is obsolete.
- (2) Subsidy Field on MSID** – The **Go To Subsidy D?** field on the MSID screen in KAECSES will be removed. Staff will no longer be able to enter a valid code in this field to access the SUDD screen as use of that screen is also obsolete.
- (3) iCMMIS** – The iCMMIS system will be modified to no longer transmit Subsidy only records received from KAECSES to the Centers for Medicare and Medicaid Services (CMS). Deemed Subsidy records are not affected by this policy and will continue to be sent.

G. Reports – The following reports will be created:

- (1) Open Subsidy Only Cases** – As indicated above, a separate report for each region listing all individuals with an open Subsidy only record in iCMMIS has been created. Eligibility staff shall be responsible for using this report to identify cases needing closure, update, or correction. The report will be issued with this memo. Although this will be a single report, there will be three “tabs” separating out the following groups:
 - (a) Tab 1** – Individuals identified in this group will have coverage through 12/31/2012. Even though staff will be ending Subsidy coverage on KAECSES effective 12/31/2011, these individuals have been deemed eligible for coverage through 12/31/2012 under a separate process. Staff should choose option 1, for this group on the N840 discontinuance notice.

(b) **Tab 2** – Individuals identified in this group will have coverage through 12/31/2011. The coverage for these individuals will correspond with the closure action taken by staff to end Subsidy coverage on KAECSES effective 12/31/2011. Staff should choose option 2, for this group on the N840 discontinuance notice.

(c) **Tab 3** – Even though staff are to take action to close Subsidy coverage on KAECSES effective 12/31/2011, the individuals identified in this group will not have an easily discernable Subsidy end date. Because of this, these individuals will be referred to Social Security to determine the status of their coverage, and what action (if any) they need to take. Staff should choose option 3, for this group on the N840 discontinuance notice.

(2) **Clean-up Report** – A clean-up report will be run after rollover in December to identify cases where the MD code continues to appear in the Special Medical Indicator (SMI) field on the PICK screen. This report will be sent to the field for immediate attention by eligibility staff to remove the code and take appropriate action on the case.

H. Forms – The ES-3100.8 Medicare Savings Plans Application has been modified to remove sections concerning Medicare Part D Subsidy since the form shall no longer be used to determine eligibility for the Subsidy program. As indicated above, any individual seeking Subsidy only coverage should be referred to SSA to apply.

I. Request for Hearing – It is anticipated that most of the individual issues associated with the cessation of the state's involvement with the administration of Subsidy only applications will be resolved through the referral of affected individuals to Social Security. However, the agency retains responsibility for any appeal filed by an individual receiving notification of the policy change. Should a request for hearing be received that cannot be satisfactorily resolved by referring the individual to Social Security, KDHE-DHCF should be consulted for guidance on how to proceed. The specific circumstances of each case will determine what action to take.

If you have any questions, please contact the KDHE – DHCF Elderly & Disabled Medical Eligibility Policy Manager, Tim T. Schroeder, at (785) 296-1144 or TSchroeder@kdheks.gov.