



Kaiser Permanente Medicare Health Plans

Medicare and the Low-Income Subsidy: The Basics

What is the Low-Income Subsidy?

Financial assistance for Medicare prescription drug coverage is offered to qualified beneficiaries who have limited income and resources. Based on their level of Low-Income Subsidy (LIS) qualifications, beneficiaries may:

- Have their Part D prescription drug cost sharing either reduced or eliminated entirely. (Reduction will take place at the point of service.)
- Have their Medicare health plan premium reduced or eliminated entirely.

The LIS amounts can change annually, even though the beneficiary's LIS status does not change.

Your employees/retirees can apply for the LIS through either Social Security or the State's Medicaid program office.

For more information on the LIS program and how it is administered, please contact Social Security, your Kaiser Permanente account manager or retiree consultant.

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If your employee qualifies for LIS, how is he/she notified?

Kaiser Permanente is required by the Centers for Medicare & Medicaid Services (CMS) to send an LIS Rider annually to any member who receives LIS. We are also required to send an updated LIS Rider to any member who becomes eligible for LIS during the year.

In addition, CMS will notify beneficiaries if their LIS status changes or if they are required to submit additional information.

What is your role in dispersing the LIS?

In the monthly statements you receive from your health plan sponsor, you'll see a LIS premium refund amount for qualified employees/retirees. You should use this refund to offset the amount that the employee/retiree contributes toward his or her Medicare health plan premium, up to the total amount of the subsidy. In cases where the subsidy is greater than the beneficiary's total premium contribution, the beneficiary should be fully refunded for his or her contribution while the remainder of the subsidy may be retained by you, the employer or trust fund.

Example 1:

If a member contributes \$40 toward a total premium of \$200, and his or her subsidy is \$32.20, then that member's contribution should be adjusted to \$7.80.

Example 2:

If you — the employer or trust fund — pays the entire \$200 premium from the example above, then the member is not entitled to receive any of the premium subsidies. The \$32.20 is not required to be refunded to the employee but may be utilized by the employer or trust fund.

2016 Low Income Subsidy (Extra Help)

Employees/retirees qualifying for Low Income Subsidy will pay reduced drug copays or coinsurance (see below). Subsidy varies based on income level in column 1.

LIS Category	Deductible	Initial Coverage	Coverage Gap	Catastrophic
LIS 1 < 135% Federal Poverty Level (FPL)	\$0	\$2.95 generic copay \$7.40 brand copay	\$2.95 generic copay \$7.40 brand copay	\$0
LIS 2 < 100% FPL & full benefit eligible	\$0	\$1.20 generic copay \$3.60 brand copay	\$1.20 generic copay \$3.60 brand copay	\$0
LIS 3 Institutionalized, full benefit dual eligible	\$0	\$0	\$0	\$0
LIS 4 < 150% FPL	\$74	15% coinsurance for generic and brand	15% coinsurance for generic and brand	\$2.95 generic copay \$7.40 brand copay

In California, Kaiser Permanente is an HMO plan and a Cost plan with a Medicare contract. In Hawaii, Oregon, Washington, Colorado, and Georgia, Kaiser Permanente is an HMO plan with a Medicare contract. In Virginia, Maryland, and the District of Columbia, Kaiser Permanente is a Cost plan with a Medicare contract. Enrollment in Kaiser Permanente depends on contract renewal.