publication by CMS provides more detail about Coordination of Benefits between Medicare and other types of coverage.

IMPORTANT POINT: If a beneficiary's employer offers health insurance, you should advise the beneficiary to talk with the human resources department at his or her place of employment about the coordination with Medicare. There are situations in which dropping Medicare coverage can result in inadequate healthcare coverage and harm to the beneficiary. CWICs should be prepared to refer beneficiaries to SHIP to talk through their options.

Medicare Savings Programs - Financial Assistance Program #1

As explained in the first part of this unit, there are a number of out-of-pocket expenses for Part A and B. Congress created the jointly funded (federal and state) Medicare Savings Programs (MSPs) to help low income Medicare beneficiaries pay for some or all of the Part A and B out-of-pocket expenses.

At the federal level, CMS provides regulatory oversight of the MSPs (e.g., guidance and policy interpretation). A designated state agency, usually the agency administering Medicaid, is responsible for administering the MSPs. That means if a beneficiary were interested in applying for a Medicare Savings Program, he or she would generally do so the same way he or she applies for Medicaid in his or her state. The Medicaid agency is also the agency that generally conducts redeterminations to evaluate ongoing eligibility. In some states, this program isn't called the Medicare Savings Program but may instead go by a different name.

Because the federal government partially funds the MSPs, the state must follow certain federal regulations. Federal regulations require states (including 209(b) states) to use the SSI income and resource methodologies to determine countable income and countable resources. States may choose to use less restrictive rules but aren't allowed to use more restrictive rules than SSI. Because states have some discretion in setting eligibility rules, CWICs must locate the state-specific details of the MSP eligibility criteria. Most states have a policy manual outlining the MSP eligibility details. To be eligible for a MSP, beneficiaries must have countable income below income limits set by the state Medicaid agency. The laws enacting the Medicare

Savings Program established specific percentages of the Federal Poverty Level (FPL) as the income limits for the MSPs, but some states have opted to use higher amounts.

Understanding Federal Poverty Levels (FPLs)

The U.S. Department of Health and Human Services (DHHS) establishes annual poverty guidelines that are widely used as a poverty measure for administrative purposes — for instance, when determining financial eligibility for certain federal or state programs. The poverty guidelines are often loosely referred to as the "federal poverty level" (FPL).

The FPL amounts are based on family size. For example, in 2023 the yearly FPL for a family size of one is $14,580 ($1,215 per month) and for a family size of two it was $19,720 ($1,643 per month). Each year, there is one set of FPL figures for the 48 contiguous states and another set with higher figures for Alaska and Hawaii. The FPLs (or percentages of them) are consistently used as a standard for income eligibility for various Medicaid programs so we reference them repeatedly throughout this Module. **The original examples in this Module use the 2022 FPLs because DHHS doesn't publish updated FPLs until January or February of each year. This addendum uses the 2023 FPLs. More information about the FPLs** is available at the DHHS web site (https://aspe.hhs.gov/poverty-guidelines).

In addition to countable income falling below the required limits, countable resources must be below certain limits. Three of the MSP resource limits aligned with the resource limits for the Low Income Subsidy (LIS) program. Some states have opted to use higher resource limits than those used by the LIS program, while other states have no resource limits at all. As a result, CWICs must research the details about MSP eligibility in their states.

The MSP includes four separate programs:

1. Qualified Medicare Beneficiary (QMB),
2. Specified Low-Income Medicare Beneficiary (SLMB),
3. Qualifying Individual (QI), and
4. Qualified Disabled Working Individual (QDWI).

As a reminder, a given state may use different names for some or all of these programs, so CWICs need to research the appropriate term to use.

Below is a chart summarizing the basic details of these programs for 2023.

Program	Income Limit	Resource Limit	How It Helps
Qualified Medicare Beneficiary (QMB)	100% Federal Poverty Level	\$9,090 single, \$13,630 couple (2023)	Pays Part A and B premiums, deductibles, co-insurance, and co-payments
Specified Low-Income Medicare Beneficiary (SLMB)	120% Federal Poverty Level	\$9,090 single, \$13,630 couple (2023)	Pays Part B premium only
Qualifying Individual (QI)	135% Federal Poverty Level	\$9,090 single, \$13,630 couple (2023)	Pays Part B premium only
Qualified Disabled Working Individual (QDWI)	200% Federal Poverty Level	\$4,000 single, \$6,000 couple	Pays Part A premium only

These programs don't help with the Medicare Part D out-of-pocket expenses; a separate program called Low Income Subsidy, discussed later in this unit, covers those. Additionally, Medicare Savings Programs don't cover Medigap or additional Medicare Advantage premiums.

Qualified Medicare Beneficiary (QMB)

Of the four Medicare Savings Programs, QMB (sometimes referred to as "quimby") provides the most support. If a Title II disability beneficiary is eligible for QMB, the State Medicaid agency will pay his or her Part B premium as well as any Part A and B deductibles and co-insurance. To be eligible, the beneficiary must:

- Have Medicare Part A;

- Have countable income at or below 100 percent of the current FPL (or a higher limit set by the state);
- Have countable resources below $9,090 for a single person, $13,630 for a couple in 2023 (or a higher limit set by the state); and
- Meet the general nonfinancial requirements or conditions of eligibility for Medicaid in his or her state (e.g., citizenship, residency)

NOTE: Those eligible for Medicare under Premium-HI for the Working Disabled can't use QMB.

As noted earlier, to determine countable income the state Medicaid agency must use the SSI income counting methodology, unless CMS has approved a more liberal method. That means applying the $20 General Income Exclusion to determine countable unearned income, and applying all the SSI earned income exclusions when calculating countable earned income. If the resulting total countable income is below 100 percent of the FPL (or a higher limit set by the state), then the individual would get QMB. Below is an example of how the State Medicaid agency would calculate countable income using the SSI income and resource methodology.

Example of person who is eligible for QMB:

Sylvia receives $1,000 per month of SSDI, has $2,500 in resources, and has just been notified she has completed her Medicare Qualifying Period (MQP) and her eligibility for Medicare will start in three months. She explains that she can't afford to have the Part B premium deducted from her SSDI check and doesn't think Medicare will be useful because she won't be able to pay the deductible and co-insurance. Could Sylvia be eligible for QMB?

Using the SSI deductions, it appears Sylvia will be below 100 percent of the FPL. Her unearned income is $1,000; after deducting the $20 General Income Exclusion, her countable unearned income is $980. She doesn't have any earned income, so her total countable income is $980 per month. One hundred percent of the FPL for a single person is $1,215 per month (2023 rate). Sylvia's countable income is below that level. Because her resources are below $9,090, she would likely be eligible for QMB, assuming she meets all the nonfinancial requirements of the State's Medicaid program.

The Department of Health and Human Services (DHHS) publishes the FPL figures annually, usually by mid-February. Cost of Living Adjustments (COLAs) go into effect in January. As a result, COLAs for Title II benefits are disregarded in determining countable income for QMB purposes at least through the month following the month in which DHHS publishes the annual FPL update. Concerning resources, the MSPs use the same resource counting methodology as SSI, unless CMS has approved a more liberal method. For summary information about countable resources and what resources Social Security excludes under SSI, refer to Unit 5 of Module 3.

When the State Medicaid agency finds a beneficiary eligible for QMB, the state records that information in a data system (known as the SDX) and shares it with Social Security. Social Security will then stop deducting the beneficiary's Part B premium from his or her Title II disability benefit check. As a QMB, the beneficiary will also get help paying his or her Part A and Part B deductibles, co-insurance, and co-payments. This doesn't mean the beneficiary has full Medicaid coverage. Given this involvement by the Medicaid agency, some states refer to QMB eligible individuals as "Limited Medicaid Beneficiaries" or "Partial Medicaid Beneficiaries." However, MSPs don't give beneficiaries access to the full array of Medicaid State Plan services or long-term care waivers. Instead, beneficiaries have access to Medicare-covered services, and the state Medicaid agency is using the Medicaid billing system to cover the Part A and B deductible, co-payments, and co-insurance. A person must meet the criteria for a Medicaid eligibility group to get Medicaid State Plan services. See unit 1 of this module for information about Medicaid eligibility.

QMB and Medicaid: Beneficiaries receiving QMB may also have full Medicaid coverage because they meet the eligibility criteria for a Medicaid eligibility group. In fact, many concurrent beneficiaries getting both SSI and Title II disability benefits have Medicare, Medicaid, and QMB coverage. QMB and Medicaid are similar in some ways and different in other ways:

Program	Full Medicaid State Plan Services	Pays Part A and B deductibles and co-insurance	Part B Premium
QMB	No	Yes	Yes

Program	Full Medicaid State Plan Services	Pays Part A and B deductibles and co-insurance	Part B Premium
Medicaid	Yes	Yes	Maybe (see the note below)

NOTE: Depending on the state's rules, a state may pay the Part B premium for at least some individuals whose income is above the income limits for the Medicare Savings Programs but who are enrolled in Medicaid. Some states provide this assistance to all Medicaid beneficiaries in every Medicaid eligibility category. Other states limit this assistance to select Medicaid eligibility groups. It's critical that CWICs determine when their state pays Part B premiums for dual eligible individuals (Medicare or Medicaid eligible) who are over the income limits for MSP eligibility. When a beneficiary goes to work but continues enrollment in a Medicaid eligibility category with Part B premium assistance, he or she will experience no loss in financial assistance for Part A and B when his or her eligibility for QMB ends. Looking at the chart above, all the financial assistance QMB provides is provided by Medicaid.

Specified Low - Income Medicare Beneficiaries (SLMB)

Someone eligible under SLMB (also referred to as "slimby") will get help paying his or her Part B premium. To be eligible, the beneficiary must:

- Have Medicare Part A;
- Have countable income above 100 percent but at or below 120 percent of the current FPL (or a higher limit set by the state);
- Have countable resources below $9,090 for a single person, $13,630 for a couple in 2023 (or a higher limit set by the state); and
- Meet the general nonfinancial requirements or conditions of eligibility for Medicaid in his or her state (e.g., citizenship, residency).

> **NOTE:** Those eligible for Medicare under Premium-HI for the Working Disabled can't use SLMB.

To determine eligibility for SLMB, the states must use the SSI income counting methodology, unless they have been approved to use a more liberal method. That means applying the $20 General Income Exclusion to determine countable unearned income, and applying all the SSI earned income exclusions when calculating countable earned income. If the resulting total countable income were above 100 percent but at or below 120 percent of the FPL (or a higher limit set by the state), then the individual would get SLMB. Below is an example of how the states would calculate countable income, using the SSI income and resource methodology.

Example of person who is eligible for SLMB:

> Bruce receives $1,420 per month of SSDI, has $5,500 in resources, and has just been notified Medicare will be starting. Could Bruce be eligible for SLMB?
>
> Using the SSI deductions, it appears Bruce's countable income will be above 100 percent of the FPL but below 120 percent of the FPL. Using the SSI deductions, it appears Bruce's countable income will be below 120 percent of the FPL. His unearned income is $1,420; after deducting the $20 General Income Exclusion, his countable unearned income is $1,400. He doesn't have any earned income, so his total countable income is $1,400 per month. One hundred twenty percent of the FPL for a single person is $1,458 per month (2023 rate). Bruce's countable income is below that level. Because his resources are below $9,090, he would likely be eligible for SLMB, assuming he meets all the nonfinancial requirements of the state's Medicaid program.

The COLA deduction explained under QMB also applies to SLMB. Additionally, when a beneficiary is eligible for SLMB, the state records that information in a data system and shares it with Social Security. Social Security will then stop deducting the beneficiary's Part B premium from his or her Title II disability benefit check.

Qualifying Individuals (QI)

Someone eligible under QI will get help paying his or her Part B premium. To be eligible, the beneficiary must:

- Have Medicare Part A;
- Have countable income above 120 percent but at or below 135 percent of the current FPL (or a higher limit set by the state);
- Have countable resources below $9,090 for a single person, $13,630 for a couple in 2023 (or a higher limit set by the state); and
- Meet the general nonfinancial requirements or conditions of eligibility for Medicaid in his or her state (e.g., citizenship, residency); and
- Be ineligible for Medicaid.

> **Note:** Those eligible for Medicare under Premium-HI for the Working Disabled can't use QI.

To determine eligibility for QI, the states must use the SSI income counting methodology, unless CMS has approved a more liberal method. That means applying the $20 General Income Exclusion to determine countable unearned income, and applying all the SSI earned income exclusions when calculating countable earned income. If the resulting total countable income is above 120 percent but at or below 135 percent of the FPL (or a higher limit set by the state), then the individual would get QI. Below is an example of how the states calculate countable income, using the SSI income and resource methodology.

Example of person who is eligible for QI:

Andrew receives $1,620 per month of SSDI, has $6,000 in resources, and has just been notified Medicare will be starting. Could Andrew be eligible for QI?

Using the SSI deductions, it appears Andrew's countable income will be above 120 percent of the FPL but below 135 percent of the FPL. His unearned income is $1,620; after deducting the $20 General Income Exclusion, his countable unearned income is $1,600. He doesn't have any earned income, so his total countable income is $1,600 per month. One hundred thirty-five percent of the FPL for a single person is $1,640 per month (in 2023). Andrew's countable income is below that level. Because his resources are below $9,090, he would likely be eligible for QI, assuming he meets all the nonfinancial requirements of the state's Medicaid program.

The COLA deduction explained under QMB and SLMB also applies to QI. Additionally, when a beneficiary is eligible for QI, the state records that information in a data system that is shared with Social Security. Social Security will then stop deducting the beneficiary's Part B premium from their Title II disability benefit check.

Many CWICs wonder what the difference is between SLMB and QI, aside from the income limit. From the beneficiary's perspective, there is one key difference. A person who has Medicaid can use SLMB but can't use QI. The other differences are all administrative. QI is a federal block grant program, so funding is based on availability of grant funds. If a state runs out of the block funds, it could close enrollment in QI until new grant funds are available.

QMB, SLMB, QI, and Earnings

Because QMB, SLMB, and QI are all financial needs-based programs, when a person begins working, his or her eligibility could change from one level to another or end altogether. To evaluate the effect of work on MSPs, CWICs should take the following steps:

1. Calculate total countable income (including the earning goal).
2. Compare total countable income to QMB, SLMB, and QI income levels.
3. Identify if the beneficiary will remain in same coverage level, move to a lower coverage level (QMB to SLMB or QMB to QI), or lose MSPs altogether.
4. Determine if the person will keep or become eligible for Medicaid.

Once those steps are complete, CWICs may use the charts below to help clarify how the help with Medicare Part A and B out-of-pocket expenses will change. The first chart outlines the change in coverage that will occur for beneficiaries who won't be eligible for full Medicaid when they begin working. The second chart outlines the change in coverage that will occur for beneficiaries who will maintain or become eligible for full Medicaid when they begin working.

Scenarios for beneficiaries who aren't, nor will become, Medicaid eligible:

Scenario once the work goal is achieved	Part A and B deductibles and co-insurance will be paid when work goal achieved?	Part B Premium will be paid when work goal achieved?
Has QMB, will have QMB	Yes	Yes
Has QMB, will have SLMB/QI	No	Yes
Has QMB, won't have MSPs	No	No
Has SLMB/QI, will have QMB	Yes	Yes
Has SLMB or QI, will have SLMB/QI	No	Yes
Has SLMB/QI, won't have MSPs	No	No

Scenarios for beneficiaries who will continue to be eligible for Medicaid or will become eligible when they begin working:

Scenario once the work goal is achieved:	Part A and B deductibles and co-insurance will be paid when work goal achieved?	Part B Premium will be paid when work goal achieved?
Has QMB, will have QMB and Medicaid	Yes	Yes
Has QMB, will have SLMB and Medicaid	Yes (Medicaid)	Yes
Has QMB, won't have QMB/SLMB but will have Medicaid	Yes (Medicaid)	Maybe (Medicaid)

As a reminder, someone who is enrolled in Medicaid can't get QI; as a result, there is no option in the chart directly above showing the option of QI. Because this second chart reflects the beneficiaries who will maintain or obtain full Medicaid when working, the individual is getting help paying their Part A and B co-insurance and deductibles. That's possible because full Medicaid naturally covers those expenses if QMB isn't available. Remember, Medicaid operates as a secondary insurance to Medicare. The only potential change in assistance is with the groups that lose eligibility for MSP altogether. In that situation, if the state won't pay the Part B premium for dual eligible individuals (Medicare and Medicaid eligible) with income over the 120 percent income limit, then the beneficiary will need to begin paying that premium. In states that pay the Part B premium for dual beneficiaries over 120 percent FPL, the beneficiaries will see no effective change in their coverage.

Let's look at a few examples of how earned income would affect coverage of Medicare Part A and B out-of-pocket expenses.

Example of person who is eligible for QMB, doesn't have Medicaid, and begins working:

> Sylvia receives $1,120 per month of SSDI, has $2,500 in resources, has Medicare, and has QMB. She has been offered a job making $1,300 per month in gross wages. What will happen to Sylvia's eligibility for QMB?
>
> Her unearned income is $1,120; after deducting the $20 General Income Exclusion, her countable unearned income is $1,100. Her earned income is $1,300; after deducting the $65 Earned Income Exclusion and dividing the remaining earnings in half, her countable earned income is $617.50. That means her total countable income is $1,717.50 per month.
>
> Sylvia's income isn't only over the QMB income limit (100 percent FPL is $1,215 – 2023 rate); it's also over the SLMB (120 percent FPL is $1,458 – 2023 rate) and QI income limit (135 percent FPL is $1,640 – 2023 rate) for a single person. She will have to begin paying her Part A and B co-insurance and deductibles, as well as her Part B premium.
>
> As an option, Sylvia could explore her eligibility for Medicaid (e.g., Medicaid Buy-In). If she is eligible for Medicaid, that program would pay her Medicare Part A and B deductibles and co-insurance.

Depending on the state she lives in, Medicaid may also pay her Part B premium. Another option is to explore Impairment Related Work Expenses (IRWEs) or Blind Work Expenses (BWEs). If Sylvia has enough of these deductions, her countable income may fall below the QI, SLMB, or even QMB limit.

Example of person who is eligible for QMB and Medicaid, and begins working:

Ericka receives $1,000 per month of SSDI, has $1,000 in resources, has Medicare and Medicaid (based on an optional category of Medicaid in her state), and has QMB. She has been offered a job making $600 per month in gross wages. What will happen to Ericka's eligibility for QMB?

Her unearned income is $1,000; after deducting the $20 General Income Exclusion, her countable unearned income is $980. Her earned income is $600; after deducting the $65 Earned Income Exclusion and dividing the remaining earnings in half, her countable earned income is $267.50. That means her total countable income is $1,247.50 per month.

Ericka's income is over the QMB income limit (100 percent FPL is $1,215 – 2023 rate), but it's below the SLMB limit (120 percent FPL is $1,458 - 2023 for a single person). That means she'll continue getting help paying for her Part B premium, but through SLMB rather than QMB. While Ericka doesn't have the QMB program to pay her Part A and B deductible and co-insurance, she does have full Medicaid coverage. If she maintains her eligibility for Medicaid when she begins working, she will continue to get help paying the Part A and B deductibles and coinsurance. In effect, Ericka will continue to have the same coverage she has now. If Ericka can't maintain Medicaid when working, you should explore IRWEs or BWEs to see if her countable income could fall below the QMB limit.

Assume Erica's Medicaid will continue through a Medicaid Buy-In Program for working individuals with disabilities. While Ericka doesn't have the QMB program to pay her Part A and B deductible and co-insurance, she does have full Medicaid coverage. If she maintains her eligibility for Medicaid when she begins working, she will continue to get help paying the

> Part A and B deductibles and coinsurance. In effect, Ericka will continue to have the same coverage she has now. If Ericka can't maintain Medicaid when working, you should explore IRWEs or BWEs to see if her countable income could fall below the QMB limit.

Qualified Disabled and Working Individuals (QDWI)

The last Medicare Savings Program is very different from the other three. Qualified Disabled Working Individual (QDWI) only pays the Part A premium for those who are "buying-into" Medicare under "Premium HI for the Working Disabled."

To be eligible for QDWI, an individual must:

- Be using Premium-HI for the Working Disabled to maintain Medicare;
- Have countable income below 200 percent of the current FPL;
- Have countable resources below $4,000 for a single person, $6,000 for a couple;
- Be not otherwise eligible for Medicaid; and
- Meet the general nonfinancial requirements or conditions of eligibility for Medicaid in his or her state (e.g., citizenship, residency).

As with the other MSPs, QDWI uses the SSI income and resource counting methodologies to determine countable income and resources. With QDWI, states aren't allowed to use more liberal income and resource methodologies, an option they have with the QMB, SLMB, and QI program. While 200 percent of the FPL may not seem high, an individual can have a relatively high monthly income and use this program. There are two key factors that make that possible: The individual no longer has a Title II benefit check when he or she is using this program, and the earned income disregards allow him or her to have wages of more than twice the income limit. Let's look at an example.

Example of person who is likely eligible for QDWI:

> Frank has $3,200 per month in gross wages, and his EPMC is about to end. He'd like to maintain Medicare through Premium-HI for the Working Disabled but is concerned about

affording the Part A premium. He has $3,500 in resources. Could Frank be eligible for QDWI?

His unearned income is $0, because he's no longer receiving his SSDI benefit. His gross wages are $3,200 per month; after deducting the $20 General Income Exclusion and the $65 Earned Income Exclusion, and dividing the remaining amount in half, he has $1,557.50 in countable earned income. Because he has no unearned income, his total countable income is $1,557.50 per month.

Two hundred percent of the FPL for a single person is $2,430 per month (2023 rate). Frank's total countable income is below that level. Because his resources are below $4,000, he would likely be eligible for QDWI, assuming he meets all the nonfinancial requirements of the state's Medicaid program.

As this example demonstrates, an individual can have a substantial amount of earned income and still use QDWI.

Low Income Subsidy (Extra Help) - Financial Assistance Program #2

As explained in the first part of this unit, there are a number of Part D out-of-pocket expenses, which vary based on the private prescription drug plan the beneficiary chooses. For many beneficiaries, these costs are unaffordable. When Congress created Part D, it also created a financial assistance program to help low-income beneficiaries pay for the Part D out-of-pocket expenses. The formal name for this financial assistance program is Low Income Subsidy (LIS), but its also called "Extra Help." LIS isn't a state program, which is often a point of confusion. LIS is a program administered by CMS. The LIS program provides two levels of help: Full Low Income Subsidy and Partial Low Income Subsidy.

Full Low Income Subsidy (Full LIS)

Full LIS provides critical support to beneficiaries. With Full LIS, the beneficiary generally won't have to pay a monthly Part D premium. CMS pays subsidized premiums to the prescription drug provider (PDP) or the Medicare Advantage prescription drug plan (MA-PDP) based on the service area's regional benchmark premiums. Full LIS eligible individuals who choose to participate in a more expensive plan are responsible for the difference. Those eligible for Full LIS don't have to pay an annual deductible. Additionally, they aren't subject to the initial coverage, coverage gap, or catastrophic coverage payment rules. Instead, these individuals pay small co-payments of up to $4.15 for generic medications and up to $10.35 for brand name medications in 2023.

To be eligible for the Full LIS, an individual must:

- Be entitled to benefits under Medicare Part A or entitled to Medicare Part B or both; and
- Reside in one of the 50 states or the District of Columbia; and
- Have countable income at or below 135 percent of the FPL and resources at or below $9,090 for single or $13,630 for couples in 2023; **OR**
- Be deemed eligible (the following groups are deemed Full LIS eligible: Medicaid recipients, SSI beneficiaries, QMBs, SLMBs, or QIs)

Deemed Eligible:

Those whom CMS deems eligible don't have to apply for Full LIS; instead, CMS automatically enrolls them. CMS determines if an individual is deemed eligible for Full LIS based on monthly data from state Medicaid agencies and Social Security's records of SSI participation. CMS then automatically enrolls deemed eligible beneficiaries who haven't yet enrolled with a PDP or MA-PDP. Beneficiaries whom CMS deems eligible can switch plans one time in each of the following periods: January-March, April-June, July-September, and October-December. Many beneficiaries don't realize that once they are eligible for Part D, Medicaid will no longer cover most, if not all, of their prescriptions, because they are the payer of last resort. To assure beneficiaries don't inadvertently go without prescription coverage, CMS automatically enrolls Full LIS deemed eligible beneficiaries into a plan.

Not Deemed Eligible:

While CMS is administering the LIS program, it doesn't have the infrastructure to accept and process applications; it doesn't have field offices in towns across the country where beneficiaries can go and apply. As a result, CMS established an agreement with Social Security to accept and process LIS applications for those who aren't already deemed eligible. That means an individual who doesn't fall into one of the deemed eligible categories will need to apply for LIS at Social Security. Individuals may apply for the LIS program in three ways:

1. Submitting an online application on Social Security's website;
2. Calling 1-800-772-1213 to apply over the phone; or
3. Submitting an application in person at a local Social Security office.

Once Social Security receives the application, the agency will need to determine if the countable income is at or below 135 percent of FPL and if countable resources are below the applicable limits.

In determining eligibility for the non-deemed group, Social Security will use the SSI income and resource counting methodology, with some modifications. To begin, Social Security doesn't use deeming, but will count the following people's income and resources in determining LIS eligibility:

- Countable income of the Medicare beneficiary and living-with spouse (if any) measured against a percentage of the annual FPL for the beneficiary's family size (the household size includes dependent relatives living with the beneficiary); and
- Resources of the Medicare beneficiary and living-with spouse (if any).

There are a few key differences between treatment of income and resources for LIS eligibility and SSI eligibility. When determining countable income and resources for LIS, Social Security:

- Does not count in-kind support and maintenance as income;
- Excludes income of interest and dividends, regardless of the source;
- Denies any Plan to Achieve Self Support (PASS) whose sole purpose is to exclude income and resources for LIS eligibility;
- Does not consider any transfer of resources;
- Excludes non-liquid resources, other than non-home real property, such as all vehicles (autos, trucks, motorcycles, boats, snowmobiles, etc.), household goods and personal effects, irrevocable burial trusts, and irrevocable burial contracts.
- Excludes $1,500 from an individual's countable resources or $3,000 from a married couple living together if it is alleged that they expect to use some resources for funeral or burial expenses.

In determining countable income, Social Security applies the basic SSI deductions. When determining countable unearned income, Social Security applies the $20 General income Exclusion to any unearned income first, then to earned income, if unused. The agency applies the $65 Earned Income Exclusion and divides earnings in half to determine countable earned income. Additionally, Social Security can deduct impairment Related Work Expenses (IRWE) and Blind Work Expenses (BWE).

If a beneficiary indicates to Social Security he or she has IRWEs, Social Security will deduct an automatic 16.3 percent of gross wages. If a beneficiary with statutory blindness indicates he or she has BWEs, Social Security will deduct an automatic 25 percent of gross wages. Social Security will deduct the actual amount of the IRWE or BWE if it's more advantageous than the standard percentage. To use these deductions, the Title II disability beneficiary must be under age 65. If his or her spouse is under age 65 and receiving Title II disability benefits, he or she may also use these work incentives. Below is an example calculation.

Example of a person who is likely eligible for Full LIS:

Sherry has $1,500 per month in SSDI, $7,000 in resources, and is single. Sherry has $200 of In-kind support and maintenance (ISM) being counted by the Medicare Savings Program that is preventing her from being deemed eligible for Full LIS. She tells you she is unable to pay for her prescriptions each month.

Could Sherry be eligible for Full LIS?

Step	Calculations
Unearned Income	$1,500
General Income Exclusion (GIE) $20	– $20
Countable Unearned Income	=$1,480
Gross Earned Income	$0
Student Earned Income Exclusion	–

Step	Calculations
Remainder	–
GIE (if not used above) $20	–
Remainder	–
Earned Income Exclusion (EIE) $65	–
Remainder	–
Impairment Related Work Expense (IRWE) (16.3% of gross wages or actual amount if higher)	–
Remainder	–
Divide remainder by 2	–
Blind Work Expense (BWE) (25% of gross wages or actual amount if higher)	–
Total Countable Earned Income	= $0
Total Countable Unearned Income	$1,480
Total Countable Earned Income	+ $0
PASS Deduction	– $0
Total Countable Income	= $1,480

Her unearned income is $1,500, but after deducting the $20 General Income Exclusion, her countable unearned income is $1,480. She doesn't have any earned income, so her total countable income is $1,480 per month. One hundred thirty-five percent of the FPL for a single person is $1,640 per month (2023 rate). Sherry's countable income is below that level. Because her resources are below $9,090, she would likely be eligible for Full LIS.

As a reminder, this calculation isn't used for individuals who are deemed eligible for Full LIS and will continue to fall under a deemed eligible category when working. For example, if a beneficiary is eligible for Full LIS right now because he or she has full Medicaid coverage, and when he or she begins working, he or she will maintain Medicaid, then there is no need to do a calculation worksheet because he or she will remain deemed eligible for Full LIS. Conversely, if a beneficiary will lose his or her deemed eligible status due to a change in income, then the calculation would be appropriate. For example, if a beneficiary is eligible for Full LIS because he or she has QMB, but when he or she begin working, he or she will lose eligibility for QMB, SLMB, and QI, then the beneficiary would need a calculation worksheet to determine whether he or she meets the income criteria, unless he or she fell under one of the other deemed eligible categories (e.g., Medicaid or SSI).

Partial Low Income Subsidy (Partial LIS)

Note: Effective 2024, the Partial LIS will end. Instead, the income and resource limit for Full Low Income Subsidy will increase to the Partial Low Income Subsidy Level. There will only be one level of help, Full Low Income Subsidy, but with the higher income (150% of the FPL) and resource limit of the former Partial LIS.

Partial LIS provides slightly less support than Full LIS. With Partial LIS the beneficiary either has no premium or will have a premium based on a sliding fee scale. As with Full LIS, CMS pays subsidized premiums to the prescription drug provider (PDP) or the Medicare Advantage prescription drug plan (MA-PDP) and base them on the service area's regional benchmark premiums. Partial LIS eligible beneficiaries who choose to participate in a more expensive plan are responsible for the difference. Those eligible for Partial LIS have a $104 annual deductible (2023 rate). Additionally, they aren't subject to the initial coverage, coverage gap, or catastrophic coverage payment rules. Instead, these individuals pay lower co-insurance or co-payments over the course of the year.

To be eligible for the Partial LIS, an individual must:

- Be entitled to benefits under Medicare Part A or entitled to Medicare Part B or both;
- Reside in one of the 50 states or the District of Columbia; and
- Have countable income at or below 150 percent of the FPL ($1,823 per month for an individual in 2023) and resources at or below $15,160 for single or $30,240 for married in 2023.

As with the non-deemed eligible Full LIS beneficiaries, Partial LIS beneficiaries must apply for LIS through Social Security. Individuals apply for Partial LIS in the same manner as for full LIS as described earlier. The same countable income and resource methodologies explained under Full LIS also apply under Partial LIS. The difference is merely that the income and resource limits are higher.

Example of a person who is likely eligible for Partial LIS:

Sophia has $1,500 per month in SSDI, $15,000 in resources, and is single. Her resources prevent her from being eligible for any Medicare Savings Program or Full LIS by application. She tells you she is having a hard time paying for her prescriptions each month. Could Sophia be eligible for Partial LIS?

Step	Calculations
Unearned Income	$1,500
General Income Exclusion (GIE) $20	– $20
Countable Unearned Income	= $1,480
Gross Earned Income	$0
Student Earned Income Exclusion	–

Step	Calculations
Remainder	
GIE (if not used above) $20	–
Remainder	
Earned Income Exclusion (EIE) $65	–
Remainder	
Impairment Related Work Expense (IRWE) (16.3% of gross wages or actual amount if higher)	–
Remainder	
Divide by 2	
Blind Work Expense (BWE) (25% of gross wages or actual amount if higher)	–
Total Countable Earned Income	= $0
Total Countable Unearned Income	$1,480
Total Countable Earned Income	+ $0
PASS Deduction	– $0
Total Countable Income	= $1,480

Her unearned income is $1,500, but after deducting the $20 General Income Exclusion, her countable unearned income is $1,480. She doesn't have any earned income, so her total countable income is $1,480 per month. One hundred fifty percent of the FPL for a single person is $1,823 per month (2023 rate). Sophia's countable income is below that level. Because her resources are below $15,160 (2023), she would likely be eligible for Partial LIS.

With Partial LIS there are no deemed eligible individuals. Instead, every Partial LIS beneficiary must meet the income and resource limits.

LIS and Earnings

To estimate the effect of earnings on a beneficiary's LIS eligibility, the first step is to clarify which category he or she falls into: deemed eligible for Full LIS, eligible for Full LIS (not deemed eligible), or eligible for Partial LIS. Once you have identified the category, the next step is to clarify whether the individual will lose eligibility for that category once he or she is working. If the beneficiary won't lose eligibility for the category he or she is in, then CWICs can tell the beneficiary that his or her eligibility should continue. If the beneficiary will lose eligibility for the category he or she is in, the CWICs must communicate that expected change and provide options, if any.

Example of a person the CWIC expects to maintain deemed eligibility for Full LIS:

> Devin has $320 per month in SSDI, $614 per month in SSI, Medicare, QMB, and Medicaid. He has been deemed eligible for Full LIS. Devin will begin working next month making $3,000. He has several expensive prescriptions, which he relies on Full LIS to help him cover. What will happen to Devin's Full LIS when he begins working?

1. The first step is to clarify which category Devin falls into, which is deemed eligible for Full LIS. He is deemed eligible because he has Medicaid, plus he has SSI and QMB.
2. The second step is to clarify whether Devin will lose eligibility for all these deemed categories once he begins working. While Devin will likely lose his eligibility for QMB, he will continue to be eligible for Medicaid and SSI (using the 1619(b) work incentive). That means the CWIC expects Devin to continue to be eligible for Full LIS as a deemed eligible beneficiary. Because the CWIC

expects him to remain deemed eligible, there is no need to do the LIS countable income calculation.

Example of a person who is deemed eligible for Full LIS but whom the CWIC expects will lose that deemed status:

In 2023, Tom has $1,400 per month in SSDI, Medicare, and SLMB. He has been deemed eligible for Full LIS because he gets SLMB. Tom will begin working in July of 2023 and making $850. He has several expensive prescriptions that he relies on LIS to help him cover. What will happen to Tom's Full LIS when he begins working?

1. The first step is to clarify which category Tom falls into. He is deemed eligible for full LIS because he has SLMB.
2. The second step is to clarify whether Tom will lose eligibility for all these deemed categories once he begins working. After reviewing the SLMB eligibility rules, the CWIC determines he won't be eligible for SLMB, nor will he be eligible for QMB or QI. He will also not be an SSI recipient. The only way Tom could continue to be considered deemed eligible for Full LIS is if he became eligible for Medicaid. There are Medicaid Buy-In programs in most states, which may be a way for Tom to become eligible for Medicaid. Because Medicaid Buy-In programs have a premium, he'd need to decide if it's financially worthwhile for him to pay the applicable premium, if any, charged by his state.
3. Because Tom was deemed eligible for Full LIS for 2023, he does not need to worry about losing the Full LIS assistance in 2023 due to an increase in earnings. If Tom doesn't become eligible for Medicaid when he begins working, then the CWIC must use the LIS calculation to determine if he can maintain eligibility for Full LIS as a as a non-deemed eligible individual through the application process. Remember, in 2024, Partial LIS will no longer be available and the Full LIS income eligibility will change to 150% of the FPL.

	Calculations
Unearned Income	$1,400

	Calculations
General Income Exclusion (GIE) $20	– $20
Countable Unearned Income	= $1,380
Gross Earned Income	$850
Student Earned Income Exclusion	– $0
Remainder	$850
GIE (if not used above) $20	– $0
Remainder	$850
Earned Income Exclusion (EIE) $65	– $65
Remainder	$785
Impairment Related Work Expense (IRWE) (16.3% of gross wages or actual amount if higher)	– $0
Remainder	$785
Divide by 2	$392.50
Blind Work Expense (BWE) (25% of gross wages or actual amount if higher)	– $0
Total Countable Earned Income	= $392.50

	Calculations
Total Countable Unearned Income	$1,380
Total Countable Earned Income	+ $392.50
PASS Deduction	– $0
Total Countable Income	= $1,772.50

Tom's countable income, $1,772.50, will be over 135 percent of the FPL ($1,640 - 2023 rate), which in previous years would mean that he wouldn't be eligible for Full LIS. However, his income does fall below 150 percent of the FPL ($1,823 - 2023 rate), which will be the new income limit for Full LIS in 2024. To support Tom in pursuing his work goal, it will be important for him to know his options. He will be able to maintain Full LIS in 2024 by applying, or if Medicaid eligibility is an option for Tom in his state, he will be able to maintain Full LIS in 2024 by enrolling in Medicaid.

Reporting Income and Resource Changes and LIS Redeterminations

To determine LIS eligibility and whether the individual qualifies for a full or partial LIS, Social Security considers all of the countable income the