

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

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**DATE:** November 1, 2019  
**TO:** All Part D Plan Sponsors  
**FROM:** Jennifer R. Shapiro, Acting Director, Medicare Plan Payment Group  
**SUBJECT:** 2020 Resource and Cost-Sharing Limits for Low-Income Subsidy (LIS)

The Centers for Medicare & Medicaid Services (CMS) is releasing guidance on the updated resource limits for individuals who apply and qualify for the low-income subsidy (LIS). As described at 42 CFR 423.772, resources include bank accounts, stocks, bonds, and other liquid resources that can be readily converted to cash within 20 days, as well as real estate that is not the beneficiary's primary residence.

CMS is also providing the maximum copayments that LIS-eligible beneficiaries, including full-benefit dual eligible and partial dual eligible individuals, will pay as enrollees of Medicare prescription drug plans in 2020. Please note that the LIS copayment figures were announced in the April 1, 2019 guidance titled "Announcement of Calendar Year (CY) 2020 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter."

The 2020 resource limits are \$7,860 (\$11,800 if married) for the full low-income subsidy and \$13,110 (\$26,160 if married) for the partial low-income subsidies. If beneficiaries notified the Social Security Administration (SSA) that they expect to use some of their resources for burial expenses, pursuant to 20 CFR § 416.1231, the 2020 resource limits are \$9,360 (\$14,800 if married) for the full low-income subsidy and \$14,610 (\$29,160 if married) for the partial low-income subsidies. Please see the attached notice for more information regarding the methodology that CMS used to update the low-income subsidy resource limits and cost-sharing amounts for 2020.

CMS is also required to update income standards for the low-income subsidies each year and will release the 2020 income standards for the low-income subsidies in early 2020, after the 2020 Federal poverty lines (FPL) are released.

Further Information

If you have questions about this guidance, please contact Shannon Ward at [shannon.ward@cms.hhs.gov](mailto:shannon.ward@cms.hhs.gov).

## **Resource Limits for the Medicare Part D Low-Income Subsidy: Annual Adjustment for 2020**

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) directs CMS to update the resource limits for the low-income subsidy each year. As described at 42 CFR 423.772, resources include bank accounts, stocks, bonds, and other liquid resources that can be readily converted to cash within 20 days, as well as real estate that is not the beneficiary's primary residence. This notice provides: (i) the calculation methodology for updating the low-income subsidy resource limits, (ii) the low-income subsidy resource limits in 2020, and (iii) the cost-sharing amounts for low-income subsidy eligible beneficiaries in 2020.

### **I. Calculation Methodology for Updating the Low-Income Subsidy Resource Limits**

Section 1860D-14(a)(3) of the Social Security Act (the Act) requires CMS to use the annual percentage increase in the Consumer Price Index (CPI), All Urban Consumers (all items, U.S. city average) as of September of the previous year to update the resource limits for the low-income subsidy. CMS used the September 2018 and the September 2019 CPI values from the Bureau of Labor Statistics to calculate the annual percentage increase. The annual percentage increase in the CPI for contract year 2020 is calculated as follows:

$$\frac{\text{September 2019 CPI}}{\text{September 2018 CPI}} \text{ or } \frac{256.759}{252.439} = 1.0171$$

(Source: Bureau of Labor Statistics, Department of Labor)

The 2019 adjustment factor for the low-income subsidy resource limits is 1.71%. Per the statute, the resource limits are increased by 1.71% for 2020 and rounded to the nearest multiple of \$10.

### **II. Resource Limits Used to Determine Eligibility for the Low-Income Subsidy**

Per the methodology outlined above, the resource limit that must not be exceeded for beneficiaries to qualify for the full low-income subsidy increases from the 2019 amount of \$7,730 (\$11,600 if married) to \$7,860 (\$11,800 if married) in 2020. The resource limit that must not be exceeded for beneficiaries to qualify for partial low-income subsidies increases from the 2019 amount of \$12,890 (\$25,720 if married) to \$13,110 (\$26,160 if married) in 2020.

If beneficiaries notified SSA that they expect to use some of their resources for burial expenses, the applicable 2020 resource limits are \$9,360 (\$14,800 if married) for the full low-income subsidy and \$14,610 (\$29,160 if married) for the partial low-income subsidies.

Please see the following table for the updated resource limits for determining eligibility for the low-income subsidy in 2020.

### Resource Limits for Determining LIS Eligibility

LIS Level <sup>1</sup>	Marital Status	2019 LIS Resource Limit	2019 LIS Resource Limit with Burial Expenses	2020 LIS Resource Limit	2020 LIS Resource Limit with Burial Expenses
Full Subsidy	Single	\$7,730	\$9,230	\$7,860	\$9,360
Full Subsidy	Married	\$11,600	\$14,600	\$11,800	\$14,800
Partial LIS	Single	\$12,890	\$14,390	\$13,110	\$14,610
Partial LIS	Married	\$25,720	\$28,720	\$26,160	\$29,160

### III. Low-Income Subsidy Eligible Beneficiary Cost-Sharing

As required under section 1860D-14 of the Act, the maximum copayments below the out-of-pocket threshold for certain low-income full subsidy eligible enrollees and the deductible and the maximum copayments above the out-of-pocket threshold for partial subsidy eligible enrollees are updated using the annual percentage increase in average expenditures for Part D drugs per eligible beneficiary. In addition, the maximum copayments below the out-of-pocket threshold for full-benefit dual eligible enrollees with incomes that do not exceed 100% of the FPL are updated by the annual percentage increase in the CPI, as required under section 1860D-14(a)(4).

For additional information on how the Part D benefit parameters are updated each year using the annual percentage increases in the average Part D drug expenditure amount and the CPI, please refer to the April 1, 2019 guidance titled “Announcement of Calendar Year (CY) 2020 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter” available on the CMS website at <http://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Announcements-and-Documents.html>.

Please see the table below for the updated cost-sharing for low-income subsidy eligible beneficiaries in 2020.

**2020 Maximum LIS Beneficiary Cost-Sharing Table**

Low-Income Subsidy Category	Deductible	Copayment up to Out-of-Pocket Threshold <sup>2</sup>	Copayment above Out-of-Pocket Threshold <sup>2</sup>
Institutionalized Full-Benefit Dual Eligible; or Beneficiaries Receiving Home and Community-Based Services	\$0	\$0	\$0
Full-Benefit Dual Eligible ≤ 100% FPL	\$0	\$1.30 generic, \$3.90 brand	\$0
Full-Benefit Dual Eligible > 100% FPL; or	\$0	\$3.60 generic, \$8.95 brand	\$0

<sup>1</sup> Per section 1860D-14(a)(3)(B) of the Act, in the case of an individual whose spouse dies during the effective period for a determination or redetermination, such effective period shall be extended through the date that is one year after the date on which the determination or redetermination would otherwise cease to be effective.

<sup>2</sup> The out-of-pocket threshold is \$6,350 for 2020.

Low-Income Subsidy Category	Deductible	Copayment up to Out-of-Pocket Threshold <sup>2</sup>	Copayment above Out-of-Pocket Threshold <sup>2</sup>
Medicare Saving Program Participant (QMB-only, SLMB-only, or QI); or  Supplemental Security Income (but not Medicaid) Recipient; or  Applicant < 135% FPL with resources ≤ \$9,360 (\$14,800 if married) <sup>3</sup>			
Applicant < 150% FPL with resources between \$9,360 - \$14,610 (\$14,800 - \$29,160 if married) <sup>3</sup>	\$89	15%	\$3.60 generic, \$8.95 brand

<sup>2</sup> The out-of-pocket threshold is \$6,350 for 2020.

<sup>3</sup> The resource limits displayed include \$1,500 per person for burial expenses. For beneficiaries that did not notify SSA that they expect to use some of their resources for burial expenses, the applicable resource limit is \$7,860 (\$11,800 if married) for the full low-income subsidy and \$13,110 for the partial subsidy (\$26,160 if married).