



Center for Medicaid and State Operations
Disabled and Elderly Health Programs Group (DEHPG)

July 6, 2006

Dear State Medicaid Director:

We want to alert you to two important developments in the Medicare Part D low-income subsidy (LIS) deeming and auto-enrollment processes that will take place over the summer. The first is the annual redetermination of LIS deemed status, and the second is expanding auto-enrollment to include prospective full-benefit dual eligibles.

Redetermination of Deemed LIS Status

In August 2006, CMS will begin determining which beneficiaries are entitled to deemed LIS status for calendar year 2007. This “re-deeming” process will be based on the July 2006 State MMA file. It includes both full and partial dual eligible beneficiaries identified on state MMA files, as well as SSI-only beneficiaries identified by Social Security Administration (SSA).

Individuals previously unreported to CMS will be deemed from the beginning of the earliest month of dual eligibility (including retroactive months) through December 31, 2007. Individuals previously reported to CMS who appear as LIS-eligible on the July State file will have the end date of their deemed status extended from December 31, 2006 to December 31, 2007.

Subsequently, beneficiaries who appear as subsidy-eligible on a State file for the first time between August 2006 and December 2006 also will be deemed from the earliest month of reported dual eligibility through December 31, 2007.

Beneficiaries previously deemed eligible for the LIS based on State data, who do not appear in July 2006 State files or in State files in a later month in 2006 as subsidy-eligible, will not be deemed for calendar year 2007. Their deemed status will end on December 31, 2006. CMS will also use the July State file to establish an individual’s subsidy level for calendar year 2007.

Notices

CMS will implement procedures to notify beneficiaries who will be losing deemed status effective January 1, 2007 and will provide details separately.

What States Need to Do?

In August, CMS will notify all beneficiaries who are no longer deemed LIS-eligible based on the States’ inclusion or exclusion of beneficiaries from their July MMA files. Thus, States need to be aware of the importance of the July file in identifying those who will be deemed eligible for LIS in calendar year 2007.

Auto-Enrolling Prospective Full-Benefit Dual Eligibles

We are implementing a further step to promote a seamless transition from Medicaid to Medicare drug coverage by initiating an earlier process for auto-enrolling Medicaid-only individuals who transition to full dual eligible status. To address this, CMS is requesting States' assistance in early identification of this population so that CMS can deem them for LIS and assign them to a Part D plan before the start of their Part D eligibility, making possible effective, seamless coverage on the first day of Part D eligibility.

While CMS has the Medicaid Statistical Information System (MSIS) data, this data lags by a number of quarters. Therefore, this file is not useful of identifying those who are about to become eligible for Medicare. As a result, effective August, 2006, we are asking States to include individuals on the monthly file who may not be known full dual eligibles, but are:

- Medicaid eligibles age 64 and 7 months or older in the reporting month, or
- likely to reach the end of the 24-month SSA disability determination waiting period. The ability of States to target this population may vary by State, and may result in some States including broader groups of non-aged disabled Medicaid eligibles than others.

CMS will match State data on Medicaid-only individuals who may be prospective full dual eligibles against its database of prospective Medicare eligibles. Individuals for whom a match is found will be deemed for LIS and auto-enrolled, and will receive a notice from CMS to this effect. States will receive feedback as follows:

- data on Medicare eligibility will be returned on the response file the first time a match is found
- data on LIS deeming will be returned on the MMA response file in the month following the month a match is found
- data on auto-enrollment will be returned on the MMA response file approximately two months prior to the start of Part D eligibility

For details and file specifications, please see the updated MMA Data Dictionary, on the CMS website at: http://www.cms.hhs.gov/States/12_DataExchange.asp#TopOfPage

Contact Information

We appreciate States' continued assistance in ensuring dual eligible beneficiaries have timely, affordable, and comprehensive coverage under the Medicare Part D prescription drug benefit. For information about the LIS redetermination process, please contact Jill Gotts at Jill.Gotts@cms.hhs.gov or (410) 786-7794. For information about auto-enrolling prospective full dual eligibles, please contact Sharon Donovan at Sharon.Donovan@cms.hhs.gov or (410) 786-2561.

Sincerely,



Gale P. Arden
Director