

Extra Help basics

Supplementary material for Level 4, Course 4; Medicare Assistance Programs

Extra Help is a federal program that, depending on a person's income level, helps pay for some to most of the out-of-pocket costs of Medicare prescription drug coverage. It is also known as the Part D Low-Income Subsidy (LIS).

Extra Help eligibility

If a beneficiary's monthly income is up to \$1,719 (\$2,309 for couples) in 2022 and their assets are below specified limits, they may be eligible for Extra Help. These limits include a \$20 income disregard that the Social Security Administration (SSA) automatically subtracts from a beneficiary's monthly unearned income (e.g., retirement income). Even if a beneficiary's income or assets are above the eligibility limits, they could still qualify for Extra Help because certain types of income and assets may not be counted, in addition to the \$20 mentioned above.

If a beneficiary is enrolled in Medicaid, Supplemental Security Income (SSI), or a Medicare Savings Program (MSP), they automatically qualify for Extra Help regardless of whether they meet Extra Help's eligibility requirements. These beneficiaries should receive a purple-colored notice from the Centers for Medicare & Medicaid Services (CMS) informing them that they do not need to apply for Extra Help.

Extra Help benefits

The Extra Help program offers the following benefits:

- Pays for beneficiary's Part D premium up to a state-specific benchmark amount.
- Lowers the cost of a beneficiary's prescription drugs.
- Gives beneficiaries a Special Enrollment Period (SEP) once per calendar quarter during the first nine months of the year to enroll in a Part D plan or to switch between plans. A beneficiary cannot use the Extra Help SEP during the fourth calendar quarter of the year (October through December). They should use Fall Open Enrollment during this time to make prescription drug coverage changes.
- Eliminates any Part D late enrollment penalty a beneficiary may have incurred if they delayed Part D enrollment.

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Depending on a beneficiary's income and assets, they may qualify for either full or partial Extra Help. Both programs provide assistance with drug costs. To receive such assistance, their prescriptions should be on their plan's formulary and they should use pharmacies in their plan's network.

Remember that Extra Help is not a replacement for Part D or a plan on its own: A beneficiary must still have a Part D plan to receive Medicare prescription drug coverage and Extra Help assistance. If a beneficiary does not choose a plan, they will in most cases be automatically enrolled in one.

Making an Extra Help decision when a beneficiary has other forms of prescription drug coverage

If a beneficiary is eligible for Extra Help and already has other creditable drug coverage, they should evaluate their costs and coverage when deciding whether to enroll in a Part D plan and Extra Help, or to keep their current drug coverage. They should be sure to ask their former employer or union if they can get a Part D plan without losing the retiree benefits they want to keep, and check if disenrolling from retiree drug coverage makes them ineligible for other retiree health benefits. If a beneficiary cannot have Part D and their retiree benefits, or if keeping both is not cost-effective, they should think carefully about whether they should get a Part D plan, especially if their retiree plan also covers their spouse or dependents. If a beneficiary later wants Part D, they will have a two-month SEP after they lose creditable coverage.

Finally, those with Medicaid and certain kinds of employer, union, or retiree drug coverage may in some cases not be enrolled in Extra Help or can ask not to be. These individuals should contact their local Medicaid office to learn how to decline Part D without losing their Medicaid coverage. If a beneficiary later wants Part D, they can enroll at any time without penalty if they are still enrolled in Medicaid or eligible for Extra Help.

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