# The ABCs of the Low-Income Subsidy (LIS)/Extra Help Program: Tips on Completing the Application

national council on aging

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## How Extra Help Helps Medicare Beneficiaries

The Extra Help program, also called the Low-income Subsidy (LIS), can be very valuable for Medicare beneficiaries (people with Medicare). Extra Help is available in all 50 states, but not in Puerto Rico, the U.S. Virgin Islands, Guam, the Northern Mariana Islands, or American Samoa.

This guide describes the application process for beneficiaries as well as Part D savings, including discounted or zero cost: monthly premiums, annual deductible, and on-going prescription drug copayment or coinsurance amounts.

### What are some of the other added benefits of the LIS program?

1. Beneficiaries can apply for the LIS program at any time of the year. They do not have to wait for the annual Open Enrollment Period (Oct. 15 to Dec. 7) to apply for LIS.
2. Beneficiaries with LIS not yet enrolled in a Part D plan can join the Limited Income Newly Eligible Transition Program (LINET) with Best Available Evidence at their pharmacy counter. This allows beneficiaries immediate access to prescription medication at lower LIS copayment levels rather than waiting until the first day of the month following Part D enrollment for coverage to begin.
3. LIS beneficiaries do not have to pay the Part D late-enrollment penalty.
4. LIS beneficiaries have a Special Enrollment Period (SEP) that enables them to change plans as often as once per quarter during the first three quarters of the year.
5. LIS beneficiaries do not have to pay a higher percentage of the cost of their medication during the Coverage Gap. Copays in the coverage gap are reduced, check the LIS/Extra Help chart for the most recent copayment information.
6. Beneficiaries can indicate they wish to apply for Medicare Savings Programs (MSPs) at the same time they complete an LIS application. If a beneficiary does not want to start an MSP application, then they specify on the application that they do not want to apply for MSP. Indicating a desire to apply for MSP does not guarantee enrollment.

## Qualification Levels

Visit the LIS/Extra Help income and asset eligibility chart for a full list. Briefly, 2023 Extra Help income and asset qualifications levels include:

- Monthly income (includes $20 income disregard)
  - Single person: $1,843 or less if you are single ($22,110 annual income)
  - Married couple, living together: $2,485 or less ($29,820 annual income)

**Important Note:** **Higher income:** A beneficiary with slightly higher income might qualify if they provide at least half of the financial support for other relatives living in the household, if they have earnings from work, or if they live in Alaska[2] or Hawaii.[3] SSA allows a number of deductions from gross income and resources that may make the beneficiary eligible for the LIS. The online

[1] Social Security Administration, https://www.ssa.gov/benefits/medicare/prescriptionhelp/

[2] In 2023, Extra Help income limits in Alaska are $2,296/month or less if single, $3,100/month or less if married.

[3] In 2023, Extra Help income limits in Hawaii are $2,116/month or less if single, $2,8552/month or less if married.

application contains screeners, so you'll need to submit a paper application if the beneficiary is over the income or asset limit. Be sure to contact your local SSA office to obtain paper copies of the LIS application. **When in doubt, fill it out!**

- Resources or assets (such as savings accounts or investments)
  - Single person: $16,660 or less
  - Married couple living together: $33,240 or less

**Important Note: Asset counting:** All asset eligibility limits include a $1,500 per person burial allowance. Unlike some state Medicare Savings Program (MSP) asset tests (limits), LIS asset limits do not include life insurance policies or burial plots. There are no life insurance policies or burial plots questions on the LIS application.

### Deemed Eligibility

Some beneficiaries do not need to apply for LIS because they automatically receive it; these individuals are known as deemed eligibles. Deemed eligibles are beneficiaries receiving Medicare plus Medicaid, Supplemental Security Income (SSI), or one of the MSPs. CMS mails deemed eligibles a letter notifying them of their deemed status (see model letter, Introduction to the Deemed Notice). Other beneficiaries need to complete the SSA application (SSA-1020 form: *Application for Extra Help with Medicare Prescription Drug Plan Costs*) to see if they are eligible for this Extra Help.

**Important Note: Simultaneous LIS and MSP submission:** In many cases, it is best to submit both the LIS and MSP applications at the same time vs. waiting on deemed eligibility. On average, LIS applications submitted online processes and provides a decision letter within four weeks. While qualifying for MSP automatically leads to getting LIS and it is retroactive, it takes longer. MSP applications are to be processed within 45 days (six weeks). To learn more, review the Simultaneous LIS and MSP Application Submission tip sheet.

## Getting Ready to Apply

Ask the beneficiary to gather these records to help answer questions on the Extra Help application including:

- Statements of account balances at banks, credit unions, or other financial institutions
- Investment account statements
- Tax returns
- Pension award letters
- Social Security benefit award documents
- Payroll slips

Beneficiaries do ***not*** need to provide copies of any of the documents listed above as proof of eligibility for the Extra Help. These documents are simply useful to have on hand when filling out the application. A beneficiary's self-declaration (or self-reporting) of income and resources is accepted for the Extra Help application process, which is different from the stricter documentation

requirements for other means-tested programs such as Medicare Savings Programs (MSP) or SNAP (Supplemental Nutrition Assistance Program, formerly known as Food Stamps). SSA will compare the answers provided on this application with other federal agencies' records to resolve discrepancies.

**Important Tip: "Back door" eligibility:** Some states have more generous eligibility limits for their MSPs (e.g., no asset test, higher asset/income limits, more generous deductions or exclusions from gross income). In cases where a beneficiary's income and resources exceed the federal limits for Extra Help, it may be better to apply first for the state's MSPs by submitting an MSP application to the state Medicaid office. Once the beneficiary is enrolled in an MSP, they will be automatically "deemed eligible" for the Extra Help—even if they would not have qualified under SSA federal eligibility limits for the Extra Help. In this way, the beneficiary's MSP application to the state Medicaid office may provide "back door" eligibility for Extra Help with prescription drug costs.

The information provided in this guide assumes you are assisting a beneficiary to apply for the Extra Help using the SSA process. Contact the state Medicaid office for additional information on their eligibility criteria for MSP. Visit http://www.medicare.gov and click on "Help and Support," then "Useful Phone Numbers and Websites" to search for more information on your state Medical Assistance office.

## Ways to Apply

There are two ways to apply for the Extra Help:

1) **Online:**

   a. **The BenefitsCheckUp website:** The added feature of applying online for Extra Help through BenefitsCheckUp® is that **the beneficiary will be screened for other valuable federal and state benefits** such as the MSP, Supplemental Security Income (SSI), Medicaid, SNAP, and if applicable, their state's Pharmaceutical Assistance Program (SPAP).
   b. **The SSA website:** Submit an online application for the Extra Help directly to SSA.

2) **Paper form:** Assist a beneficiary with a scannable paper application form, rather than a photocopy of the form. Beneficiaries may receive a scannable form in the mail from the SSA or get scannable forms from your local SSA office. Be sure to use the most recent and up-to-date version of the application.

### Why is it important to use a scannable form rather than a photocopy?

The scannable forms use a special paper with a bar code which allows them to be easily scanned into the electronic eligibility determination system when SSA receives the application. While SSA will process photocopies of forms, these need to be manually entered into the system, which takes additional time. So, it may **take much longer for your clients to receive a determination of their eligibility for the Extra Help from SSA.**

Applications for Extra Help are available in Spanish as well as English. In addition, instruction sheets are available in 15 different languages for side-by-side comparisons with the English version of the applications and interactions with your clients. These languages include: Arabic, Armenian, Chinese, Farsi, French, Greek, Haitian-Creole, Italian, Korean, Polish, Portuguese, Russian, Spanish, Tagalog, and Vietnamese. Though the instruction sheets are in a variety of languages, **the answers to questions on application forms must be submitted in English on English language applications**.
Visit the SSA website at to access additional language instruction sheets.

## Tips for Completing the Application

Here are some general tips on how to complete the ***Application for Extra Help with Medicare Prescription Drug Plan Costs*** (SSA 1020 form):

***BenefitsCheckUp.org Online LIS Application Hints***

- All required information must be completed before you can submit the application. Electronic signatures using the "click and sign" function will complete the application.
- In the rare event that SSA can only partially process an application submitted through *BenefitsCheckUp.org*, SSA will send you and the beneficiary a re-entry number that you may use to access and complete your client's application on the SSA website (www.ssa.gov).
- Do not use the BACK button on your web browser to navigate BenefitsCheckUp®. There is a summary page to review and edit answers before submitting the LIS application to SSA.
- Do not use the ENTER key to move around in the application or to select from the drop-down lists.
- To protect the beneficiary's personal information, there is a 45-minute time limit for work on each page of BenefitsCheckUp®. If you exceed this limit, BenefitsCheckUp® will notify you that you have timed out, and you will be asked to start again.

***SSA Online LIS Application Hints***

- All required information must be completed before the application can be submitted and processed. Electronic signatures using the "click and sign" function on the final screen will complete the application.
- There is a summary page to review and edit answers before submitting the LIS application to SSA.
- Do not use BACK button on the web browser. Use the "Previous" button at the bottom of the page to review past pages.
- Do not use the ENTER key to move around in the application or to select from the drop-down lists. Use the "Continue" button, and other buttons that appear on the page to move from one section to another.
- There are time limits on each page. Warnings will appear when nearing the limits.
- Provided SSA can verify the beneficiary's name and Social Security number, a partially completed online application can be saved and completed later. When saved, be sure to write down the "re-entry number" which allows retrieval of the saved application.

***Using Scannable Paper Form***

The application form is read by a machine, so it is important to do the following:

- Make X marks clearly with BLACK INK or a # 2 PENCIL.
- Keep answers inside the boxes.
- Do not repeat the dollar symbol ($) that is already printed next to the boxes.
- Round amounts to the nearest whole dollar.
- Write answers in CAPITAL LETTERS.
- Be sure to use the **original** scannable SSA Form, not a photocopy.
- Do not fold any more than it has already been pre-folded.
- If pre-addressed envelope is missing, mail the form to: Social Security Administration, Wilkes-Barre Data Operations Center, P.O. Box 1020, Wilkes-Barre, PA 18767-9910.

## Understanding the Application

There are some challenging questions in the Extra Help application. The application questions appear in blue boxes followed by tips and advice to accurately answer the questions below.

***Question 1:*** *Applicant's Name: Print name* ***as it appears on the beneficiary's Social Security card****. Use one box for each letter.*

***Question 2:*** *If you are* ***married and living with your spouse****, please provide the following information as it appears* ***on your spouse's Social Security card****. If you are not currently married, do not live with your spouse or are widowed, skip to question 3 and do not include any information about the spouse on this application.*

**Questions 1 and 2:** While these questions seem basic, lack of a middle initial or use of a nickname vs. a given name may cause delays in processing. SSA cannot process the application if the name on the application does not match with their record. It is very important to enter the beneficiary's name (or their spouse's name) *exactly* as it appears on their Social Security card. Online version: If married is not checked, you will be asked if the beneficiary is single, divorced, widowed, or separated. If you do not know, check single. SSA will check records to verify status.

***Question 3:*** *If you are* ***married and living with your spouse,*** *do you have savings, investments, or real estate worth more than $33,240? If you are not married or you do not live with your spouse, is the value more than $16,660?* ***Do NOT count the home you live in, vehicles, personal possessions, burial plots, irrevocable burial contracts or back payments from Social Security or SSI.***

**Question 3:** This question is designed to screen beneficiaries for their resource eligibility for Extra Help. Resources *not* counted towards the limit are the beneficiary's home, vehicles, burial plots, personal possessions, life insurance policy, or back payments of Social Security benefits or Supplemental Security Income (SSI). If you answer NOT SURE, the beneficiary may still qualify for LIS. By putting an "X" in the NO or NOT SURE box, someone from SSA will contact the beneficiary to follow up and help with the reply.

***Question 4:*** *Enter below money amounts of all bank accounts, investments, or cash that you, your spouse, if married and living together, or both of you own. Also include items that either of you own with another person. Include only dollar figures not account numbers. If you or your spouse do not own any item listed, alone or with another person, place an "X" in the* ***NONE*** *box. Do* ***NOT*** *include a back payment from Social Security or SSI received in the last 10 months.*

**Question 4:** When answering this question, include items that the beneficiary and/or their spouse owns with other people. SSA assumes an applicant has full access to any resources that they own with someone other than their spouse (such as an adult child or siblings). If this is not an accurate assumption, you will need to consult with SSA on behalf of the beneficiary. An example might be a daughter who has "hidden" money in her mother's bank account because she is afraid her husband may take the money.

***Question 5:*** *Will some money from the sources listed in* ***question 4*** *be used to pay for funeral or burial expenses?*

**Question 5:** SSA allows applicants a $1,500 per person allowance to pay for funeral and/or burial expenses. If the answer to this question is YES (which it will be for most people), they do *not* need to enter an answer for this question and should skip to question #7. They should only answer NO if they do *not* plan to use any of their savings/resources to pay for funeral/burial expenses. In that instance, SSA will not exclude $1,500 for funeral and burial from the beneficiary's gross resources.

***Question 6:*** *Other than your home and the property on which it is located, do you or your spouse, if married and living together, own any real estate? Examples of other real estate are summer homes, rental properties, or undeveloped land you own which is separate from your home.*

**Question 6:** It is important to remember that the beneficiary's home, or primary residence, and the property on which they are located are *not* counted as resources when figuring out eligibility for the Extra Help. However, any other real estate *must* be listed. SSA will calculate the amount of *equity* (not value) of this secondary property as a countable resource.

***Question 7:*** *For this question, a relative is someone related to you by blood, adoption, or marriage (but not including your spouse). How many relatives live with you and depend on you for* ***at least one-half*** *of their financial support?* ***Please do not include yourself or your spouse in the number you enter.*** *If your household consists of only you or you and your spouse, place an "X" in the ZERO box. Place an "X" in only one box.*

**Question 7:** Count all relatives who live in the home and for whom the beneficiary (or their spouse) **provides half their support**, including children under age 18. This will increase the amount of income the beneficiaries are allowed to have and still be eligible for the Extra Help. In

addition to household expenses, you may include such things as help the beneficiary provides other relatives who live with them with medications and college tuition.

***Question 8:*** *If you or your spouse, if married and living together, receive* ***income*** *from any of the sources listed below, you must answer the questions for both of you. Please enter the total amount you receive each month.* ***If the amount changes from month to month or you do not receive it every month, enter the average monthly income for the past year for each type*** *in the appropriate boxes. Do not list wages and self-employment, interest income, public assistance, medical reimbursements, or foster care payments here. If you do not, or your spouse does not, receive income from a source listed below, place an "X" in the* ***NONE*** *box for that source.*

***Question 9:*** *Have any of the amounts you included in question 8 decreased during the last two years?*

**Questions 8 and 9:** Enter the gross income. The gross amount is the dollar amount the beneficiary (and their spouse) receives each month **before any applicable deductions** from Social Security benefits, Railroad Retirement benefits, veteran's benefits, any pensions/annuities (not reported in question #4), or other income such alimony, net rental income, worker's compensation, etc. If the beneficiary only knows the amount deposited in their bank account, then you may need to add back the Medicare Part B premium and Part C or D premium if applicable.

Mark an "X" in the NONE box for those income sources on the list that do not apply. Online version: You must report all income sources for each spouse separately.

**Note**: If the beneficiary worked in the last two years or is married and living with a spouse who worked in the last two years, answer questions 10-14. Otherwise, skip to question 15.

***Question 10:*** *What do you expect to earn in wages before taxes and deductions* ***this calendar year****?*

**Question 10:** "Wages" includes salaries, commissions, bonuses, and severance pay. Even if the beneficiary expects to earn wages in the coming year, they may still be eligible for LIS to pay for prescription drugs. There is a **$65 disregard for earned income, and only half the earned income counts toward LIS**.

**Note:** Income from the Senior Community Service Employment Programs (SCSEP, sometimes referred to as Title V) will be included as countable income. Income paid through former ACTION programs through the Corporation for National and Community Service (e.g., AmeriCorps-VISTA, Foster Grandparents, Retired Senior Volunteer Program (RSVP), Senior Companion program) is not considered countable income.

***Question 11:*** *What do you expect your net earnings from self-employment to be* ***this calendar year****?*

**Question 11:** Net earnings from self-employment mean the gross earnings from a trade or business minus the allowable deductions for that trade or business, such as cost of tools or equipment.

***Question 12:*** *Have the amounts you included in Questions 10 or 11 decreased in the last two years?*

***Question 13:*** *If you or your spouse stopped working in 2018 or 2019, or plan to stop working in 2020, enter the month and year.*

**Questions 12 and 13:** SSA will compare the answers on this application with other federal agencies' records. This information will help to resolve discrepancies.

***Question 14:*** *Do you or your spouse have to pay for things that enable you to work?*

**Question 14:** This question only applies to people with Medicare who are under 65. If you check the YES box for this question, SSA will exclude from countable income a portion of work-related expenses for disabled or blind clients under age 65 receiving Title II disability benefits. SSA will tell the beneficiary how much income is excluded from the income limit. If the beneficiary's expenses are higher, they may appeal using records to document their *actual* expenses.

***Question 15: Information about Medicare Savings Programs.*** *You may be able to get help from your state with your Medicare costs under the Medicare Savings Programs. To start your application process for the Medicare Savings Programs, Social Security will send information from this form to your state unless you tell us not to. If you want to get help from the Medicare Savings Programs, do not complete this question. Just sign and date the application and your state will contact you.*

**Question 15:** ***This question must be completed in all applications dated on, or after, Jan. 1, 2010.*** Beneficiaries have the option on the LIS application to "opt out" if they so choose. If the beneficiary already has MSP, or is completing simultaneous LIS/Extra Help and MSP applications, then they should "opt-out" to avoid starting multiple MSP applications.

Unless the beneficiary checks the box to "opt out" SSA will electronically send all the data from the completed LIS to their state Medicaid agency after determining LIS eligibility. Upon receiving

the data, the state Medicaid agency will begin an MSP application. SSA sends this data regardless of whether the LIS application was accepted or denied, because in certain states even people who are denied LIS for financial reasons may still qualify for a Medicare Savings Program (MSP). This way, Extra Help applicants can be considered for an MSP, for which they may very likely be eligible.

All state Medicaid agencies are required to process the MSP applications started by the LIS data they receive from SSA and within the same time frame as if a person had directly submitted an MSP application. This time frame is usually 45 calendar days. The state Medicaid agency may request documentation or additional information regarding assets based on the state's MSP eligibility rules.

## *Signatures Section*

**Signatures Section:** If submitting the paper application, the beneficiary must sign the form. And if the beneficiary is married and living with their spouse, then their spouse must also sign *even if he or she is not applying* for the LIS. If applying online, an electronic signature is all that is required by using a "click and sign" feature.

Signing the form indicates the beneficiary knows the following:

1. SSA will check statements from other government agencies to verify self-reported income and resources;
2. The information reported on the application is accurate and honest to the best of the beneficiary's ability; and
3. The beneficiary is not *knowingly* providing any false information. A personal representative (e.g., adult child, representative from a community-based organization) can sign on behalf of the beneficiary if they are not able to sign.

Unless the beneficiary "opts out" of Question 15, signing the form also authorizes SSA to share information with the state Medicaid agency in order to start the application process for an MSP. This information includes the beneficiary's name, date of birth, Social Security number, and the financial information disclosed in the LIS application.

Be sure to include a phone number so that someone from SSA can call if they have questions or need more information. If you completed the form for the beneficiary, you also must sign in Section B. If the beneficiary wants you to be the contact person for SSA follow up, put your name and phone number also in the space just above Section B.

## Other Tips and Resources

### What happens if the beneficiary is unable to complete the form?

Online applications must be complete in order to be submitted. Completed applications are best.

SSA will accept incomplete paper applications and contact the beneficiary (or the contact person they listed in the application) by phone or in writing (if they are unable to make contact by phone) to help them complete the form. It is ***very*** important that the beneficiary fill in their name, address, and phone number so SSA knows where to reach them.

If the beneficiary completes an outdated scannable form that does not include Question 15 regarding Medicare Savings Programs (MSP), SSA will contact them to determine whether they would like to begin an MSP application. The beneficiary's verbal statement to SSA by telephone should be considered sufficient to complete the application.

If someone calls for more information necessary to complete the form, be sure this person is actually from SSA. An SSA employee will not ask for a Social Security number (unless the number provided is incorrect). If the beneficiary is at all suspicious about a call from someone claiming to be from SSA, hang up and call SSA at **1-800-772-1213** to find out if the call was legitimate and how to know when SSA will call again.

### What happens after the application is submitted?

After the application is submitted, SSA will:

- Send a notice of receipt of application to the beneficiary.
- If necessary, contact the beneficiary with additional questions (if application is incomplete or if income information does not match up with other federal records). The beneficiary will have 15 days to submit the additional information. If the information is not provided within that time, the beneficiary will have to reapply.
- Determine whether the beneficiary is eligible for LIS.
- Transmit the beneficiary's data to the state Medicaid agency to begin a MSP application (unless opted out on question 15).
- Notify the beneficiary by letter of their eligibility status.

**Important Note:** It's important the beneficiary does *not* complete multiple LIS applications. This can have the effect of cancelling out the original application, which would delay the process. To check the decision on eligibility, call SSA at **1-800-772-1213** to find out the status of the application.

### Not eligible for the LIS – what now?

If SSA determined that the beneficiary is *not* eligible for the LIS, they may appeal the decision within 60 days. An appeal request can be filed with any SSA office in-person, by mail, by fax, or by phone (1-800-772-1213). Telephone hearings will be held to review the initial determination, unless the beneficiary requests a "case review." SSA will then mail the beneficiary a written decision. SSA's appeal decision is binding, unless appealed further into federal district court within 60 days.

### Beneficiary awarded LIS – what now?

**Already enrolled in Part D (or Part C plan with drug coverage)**

Compare the beneficiary's plan on the Medicare Plan Finder tool to ensure the current plan is the best coverage at the lowest price. In 2024, all beneficiaries of LIS may be able to enroll in a $0 monthly premium benchmark plan. Be sure to check the formulary of the benchmark plans and confirm that the beneficiary's drugs are covered (check restrictions, too), as it may be to their benefits to pay a premium to get the coverage they need.

There are additional considerations related to providers and hospitals for beneficiaries enrolled in Part C plans. It is still important to compare what other options are available with reduced cost sharing with LIS.

**Not yet enrolled in Part D (or Part C with drug coverage)**

*LINET Temporary Drug Coverage*
The LIS beneficiary has immediate access, and possibly retroactive access, to the Limited Income Newly Eligible Transition Program (LINET) with Best Available Evidence at their pharmacy counter. This allows beneficiaries to get medication at lower LIS copayment levels rather than waiting until the first day of the month following Part D enrollment for coverage to begin.

*Enroll in a Plan*
The LIS beneficiary needs to enroll in the Medicare Part D prescription drug plan that works best for their needs. Detailed information to compare plans is available through the Medicare Plan Finder tool. Be sure to complete a personalized search to get the correct cost sharing amounts.

*Facilitated Enrollment*
If an LIS beneficiary does not enroll in a plan, CMS will "facilitate" or automatically enrollment them into a 2024 regional benchmark plan, so the beneficiary owes $0 monthly premium. However, the *random* assignment is based solely on the premium and not on the specific prescription medications they need. This means their medication may not be covered on the plan's formulary (list of covered drugs). The LIS beneficiary owes the full cost of the drug if the drug is not on the formulary. Remember, beneficiaries with LIS have a Continuous Special Enrollment Period and can switch plans at any time to a plan that covers their medications.

## Help Finding a Plan

In addition, for help finding a plan based on a beneficiary's medications and needs, contact one of the following:

1. The State Health Insurance Assistance Program (SHIP) through the SHIP Resource Center **1-877-839-2675** or look online for the office nearest you.
2. Contact the Centers for Medicare & Medicaid Services (CMS) at **1-800-633-4227**.
3. Contact the ElderCare Locator at **1-800-677-1116**.