

# Understanding Medicaid, Medicare, and Low Income Subsidy

## Eligibility Requirements

### Medicaid<sup>1</sup>

Medicaid beneficiaries include low-income families, qualified pregnant women and children, and individuals receiving Supplemental Security Income (SSI). Individual states can impose copayments, coinsurance, deductibles, and other similar charges on most Medicaid-covered benefits.

### Medicare Part D<sup>2</sup>

Medicare beneficiaries are ≥65 years of age and those <65 years of age with:

- Certain disabilities, and have been entitled to Social Security benefits ≥24 months
- End-stage renal disease (ESRD) or amyotrophic lateral sclerosis (ALS)

### Medicare/Medicaid Dual Eligible<sup>3-5</sup>

Beneficiaries deemed dually eligible for Medicare and Medicaid coverage are those:

- ≥65 years of age with limited financial resources or who spent their income/wealth on health or long-term care costs
  - Includes people with lifelong intellectual and developmental disabilities and employment challenges
- <65 years of age with robust work histories who left the labor force due to significant physical or mental impairments

Beneficiaries below 150% of the federal poverty level (FPL) will receive Extra Help/Low Income Subsidy (LIS) coverage plus Medicaid benefits.

## Copays and Out-of-Pocket (OOP) Costs

Medicaid <sup>6</sup>			
Beneficiary cost-share responsibilities are usually based on the individual state's payment for services. Under federal law, Medicaid copays for prescription drugs must not exceed:	<b>\$4</b> For each preferred drug	<b>\$8</b> For each non-preferred drug	
Medicare Part D			
Whether members purchase Part D coverage on their own or through a Medicare Advantage plan, the cost-share responsibility for Part D-covered drugs in 2025 includes <sup>7,8</sup>	Annual deductible: <b>\$0 to maximum \$590</b>	Initial coverage phase: <b>25% coinsurance (drug cost-sharing)</b>	OOP threshold <sup>a</sup> : <b>\$2000</b>
<i>Note that in 2024, before the 2025 Inflation Reduction Act (IRA) mandates went into effect, a member's OOP costs were<sup>7</sup>:</i>	Annual deductible: <b>\$545</b> Initial coverage limit: <b>\$5,030</b> Coverage gap: <b>&lt;25%</b> Coinsurance on brand and generic drugs OOP threshold: <b>\$8,000</b>		

<sup>a</sup>As of January 1, 2024, member costs are covered 100% under the catastrophic coverage phase, and members are no longer responsible for 5% cost sharing once the OOP threshold has been met.<sup>4,6</sup>

# Extra Help for Medicare Members With Financial Burdens

## Eligibility for Extra Help

The Social Security Administration (SSA), which administers the Extra Help program, is required to notify patients receiving Social Security benefits that they are eligible for the Extra Help program/benefits.<sup>9</sup>

### Members automatically qualify if they<sup>9</sup>:

- Have Medicare Part A and/or Part B and SSI
- Have Medicare and Medicaid (dually eligible)
- Are enrolled in a Medical Savings Program (MSP)

### Eligibility criteria for those not automatically qualified include<sup>10,11</sup>

- Individuals with income <\$22,590, 150% below the FPL, and resource limits of <\$17,220
- Married couples with income <\$31,360, <150% below the FPL, and resource limits of <\$34,360
- A resident in one of the 50 States or the District of Columbia
- Enrolled in a Medicare prescription drug plan
- Not currently incarcerated
- Filed an application with SSA or with a State Medicaid Agency

## Copays and OOP Costs

The Medicare Part D Extra Help program, also known as Low Income Subsidy (LIS), helps eligible Medicare Part D members pay their premiums, deductibles, and/or prescription copayments.<sup>8</sup>

### In 2025, most eligible members will pay<sup>8</sup>:

\$0	premiums	In January 2024, the IRA eliminated the partial subsidy, and all eligible members will now receive the full (100%) subsidy. <sup>9</sup>
\$0	deductibles	
\$12.15	maximum for each covered brand-name drug	
\$4.90	for generic drugs	

In 2024, prescription drug cost-share was a maximum of \$11.20 for each brand-name drug and \$4.50 for generic drugs.<sup>8</sup>

## How to apply for Extra Help

Medicare Part D members can apply for Extra Help through the SSA.<sup>12</sup>



1-800-772-1213



[www.socialsecurity.gov/extrahelp](https://www.socialsecurity.gov/extrahelp)



At a local SSA office

**References:** 1. Eligibility policy. Medicaid.gov. Accessed October 7, 2024. <https://www.medicare.gov/medicaid/eligibility-policy/index.html> 2. Medicare. Social Security Administration. January 2024. Accessed October 7, 2024. <https://www.ssa.gov/pubs/EN-05-10043.pdf> 3. Peña MT, Mohamed M, Burns A, Fuglesten Biniek J, Ochieng N, Chidambaram P. A profile of Medicare-Medicaid enrollees (dual eligibles). KFF. January 31, 2023. Accessed October 7, 2024. <https://www.kff.org/medicare/issue-brief/a-profile-of-medicare-medicare-enrollees-dual-eligibles/#> 4. Understanding Medicare's Part D Low Income Subsidy (LIS/ExtraHelp). National Council on Aging. March 22, 2024. Accessed October 7, 2024. <https://www.ncoa.org/article/understanding-medicare-part-d-low-income-subsidy-extra-help/> 5. Medicare.gov. Medicaid. Accessed October 7, 2024. <https://www.medicare.gov/basics/costs/help/medicaid> 6. Medicaid prescription drug laws and strategies. National Conference of State Legislatures. Updated August 27, 2021. Accessed October 7, 2024. <https://www.ncsl.org/health/medicaid-prescription-drug-laws-and-strategies> 7. An overview of the Medicare Part D prescription drug benefit. KFF. October 17, 2023. Accessed October 7, 2024. <https://www.kff.org/medicare/fact-sheet/an-overview-of-the-medicare-part-d-prescription-drug-benefit/> 8. Announcement of calendar year (CY) 2025 Medicare Advantage (MA) capitation rates and Part C and Part D payment policies. Centers for Medicare & Medicaid Services. April 1, 2024. Accessed October 7, 2024. <https://www.cms.gov/files/document/2025-announcement.pdf> 9. Program Operations Manual System (POMS): HI 03001.005 Medicare Part D Extra Help (Low-Income Subsidy or LIS). Social Security Administration. April 9, 2024. Accessed October 7, 2024. <https://secure.ssa.gov/poms.nsf/lnx/0603001005> 10. POMS. HI 03001.020 Eligibility for Extra Help (Prescription Drug Low-Income Subsidy). Social Security Administration. April 9, 2024. Accessed October 7, 2024. <https://secure.ssa.gov/poms.nsf/lnx/0603001020> 11. POMS. HI 03020.055 Income Limits for Subsidy Eligibility. Social Security Administration. April 12, 2024. Accessed October 7, 2024. <https://secure.ssa.gov/poms.nsf/lnx/0603020055> 12. Understanding the Extra Help With Your Medicare Prescription Drug Plan. Social Security Administration. February 2024. Accessed October 7, 2024. <https://www.ssa.gov/pubs/EN-05-10508.pdf>