§ 423.774 Eligibility determinations, redeterminations, and applications.

(a) Determinations of whether an individual is a subsidy eligible individual. Determinations of eligibility for subsidies under this subpart are made by the State under its State plan under title XIX of the Act if the individual applies with the Medicaid agency, or if the individual applies with the Social Security Administration (SSA), the Commissioner of Social Security in accordance with the requirements of section 1860D–14(a)(3) of the Act.

(b) Effective date of initial eligibility determinations. Initial eligibility determinations are effective beginning with the first day of the month in which the individual applies, but no earlier than January 1, 2006 and remain in effect for a period not to exceed 1 year.

(c) Redeterminations and appeals of low-income subsidy eligibility—eligibility determinations made by States. Redeterminations and appeals of low-income subsidy eligibility determinations by States must be made in the same manner and frequency as the redeterminations and appeals are made under the State’s plan.

(d) Redeterminations and appeals of low-income subsidy eligibility—eligibility determinations made by Commissioner of Social Security. Redeterminations and appeals of eligibility determinations made by the Commissioner will be made in the manner specified by the Commissioner of Social Security.

§ 423.780 Premium subsidy.

(a) Full subsidy eligible individuals. Full subsidy eligible individuals are entitled to a premium subsidy equal to 100 percent of the premium subsidy amount.

(b) Premium subsidy amount. (1) The premium subsidy amount is equal to the lesser of—

(i) Under the Part D plan selected by the beneficiary, the portion of the monthly beneficiary premium attributable to basic coverage (for enrollees in PDPs) or the portion of the MA monthly prescription drug beneficiary premium attributable to basic prescription drug coverage (for enrollees in MA–PD plans); or

(ii) The greater of the low-income benchmark premium amount (determined under paragraph (b)(2) of this section) for the PDP region in which the subsidy eligible individual resides or the lowest monthly beneficiary premium for a PDP that offers basic prescription drug coverage in the PDP region.

(2) Calculation of the low-income benchmark premium amount. (i) The low-income benchmark premium amount for a PDP region is a weighted average of the premium amounts described in paragraph (b)(2)(i) of this section, with
§ 423.782 Cost-sharing subsidy.

(a) Full subsidy eligible individuals. Full subsidy eligible individuals are entitled to the following:

(1) Elimination of the annual deductible under §423.104(d)(1).

(2) Reduction in cost-sharing for all covered Part D drugs covered under the PDP or MA-PD plan below the out-of-pocket limit (under §423.104), including Part D drugs covered under the PDP or MA-PD plan obtained after the initial coverage limit (under §423.104(d)(4)), as follows:

(i) Except as provided under paragraphs (a)(2)(ii) and (a)(2)(iii) of this section, copayment amounts not to exceed the copayment amounts specified in §423.104(d)(5)(A). This applies to both:

(c) Special rule for 2006 to weight the low-income benchmark premium. For purposes of calculating the low-income benchmark premium amount for 2006, CMS assigns equal weighting to PDP sponsors (including fallback entities) and assigns MA-PD plans a weight based on prior enrollment. New MA-PD plans are assigned a zero weight. PACE, private fee-for-service plans and 1876 cost plans are not included.

(d) Other low-income subsidy eligible individuals—sliding scale premium. Other low-income subsidy eligible individuals are entitled to a premium subsidy based on a linear sliding scale ranging from 100 percent of the premium subsidy amount described in paragraph (b) of this section as follows:

(1) For individuals with income at or below 135 percent of the FPL applicable to their family size, the full premium subsidy amount.

(2) For individuals with income greater than 135 percent but at or below 140 percent of the FPL applicable to the family size, a premium subsidy equal to 75 percent of the premium subsidy amount.

(3) For individual with income greater than 140 percent but at or below 145 percent of the FPL applicable to the family size a premium subsidy equal to 50 percent of the premium subsidy amount.

(4) For individuals with income greater than 145 percent but below 150 percent of FPL applicable to the family size a premium subsidy equal to 25 percent of the premium subsidy amount.

(e) Waiver of late enrollment penalty for subsidy-eligible individuals. Subsidy eligible individuals, as defined in §423.773, are not subject to a late enrollment penalty, as defined in §423.46.

(f) Waiver of de minimis premium amounts. CMS will permit a Part D plan to waive a de minimis amount that is above the monthly beneficiary premium defined in §423.780(b)(2)(ii)(A) or (B) for full subsidy individuals as defined in §423.780(a) or §423.780(d)(1), provided waiving the de minimis amount results in a monthly beneficiary premium that is equal to the established low income benchmark as defined in §423.780(b)(2).