the weight for each PDP and MA–PD plan equal to a percentage, the numerator being equal to the number of Part D low-income subsidy eligible individuals enrolled in the plan in the reference month (as defined in §422.258(c)(1) of this chapter) and the denominator equal to the total number of Part D low-income subsidy eligible individuals enrolled in all PDP and MA–PD plans (but not including PACE, private fee-for-service plans or 1876 cost plans) in a PDP region in the reference month.

(ii) Premium amounts. The premium amounts used to calculate the low-income benchmark premium amount are as follows:

(A) The monthly beneficiary premium for a PDP that is basic prescription drug coverage;

(B) The portion of the monthly beneficiary premium attributable to basic prescription drug coverage for a PDP that is enhanced alternative coverage; or,

(C) The MA monthly prescription drug beneficiary premium (as defined under section 1854(b)(2)(B) of the Act) for a MA–PD plan and determined before the application of the monthly rebate computed under section 1854(b)(1)(C)(i) of the Act for that plan and year involved.

(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.

(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).

§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:
§ 423.800 Administration of subsidy program.

(a) Notification of eligibility for low-income subsidy. CMS notifies the Part D sponsor offering the Part D plan, in which a subsidy eligible individual is enrolled, of the individual’s eligibility for a subsidy under this section and the amount of the subsidy.

(b) Reduction of premium or cost-sharing by PDP sponsor or organization. Based on information provided by CMS under paragraph (a) of this section, or obtained under paragraph (d) of this section, the Part D sponsor offering the Part D plan in which a subsidy eligible individual is enrolled must reduce the individual’s premiums and cost-sharing as applicable, and provide information to CMS on the amount of those reductions, in a manner determined by CMS. The Part D sponsor must track the application of the subsidies under this subpart to be applied to the out-of-pocket threshold.

(c) Reimbursement for cost-sharing paid before notification of eligibility for low-income subsidy. The Part D sponsor offering the Part D plan must reimburse subsidy eligible individuals, and organizations paying cost-sharing on behalf of such individuals, any excess premiums and cost-sharing paid by such individuals or organizations before notification of eligibility for a subsidy under this section.