

FORM SSA-1020/i1020
APPLICATION FOR EXTRA HELP WITH MEDICARE PRESCRIPTION DRUG PLAN COSTS

20 CFR 418.3101

OMB No. 0960-0696

ADDENDUM TO SUPPORTING STATEMENT

Changes to Form:

Due to the provisions of Public Law 110-275, the Medicare Improvements for Patients and Providers Act of 2008, SSA is making multiple changes to form SSA-1020/i1020. We are also making several minor wording changes to improve the form's clarity. See below for details. All changes will be effective January 2010.

Cover Page:

We added the following language about the Medicare Savings Program:

Fifth Paragraph - "You also may be able to get help from your state with your Medicare costs under the Medicare Savings Programs. By completing this form, you will start your application process for a Medicare Savings Program. We will send information to your state who will contact you to help you apply for a Medicare Savings Program unless you tell us not to by answering question 15 on this form."

Sixth Paragraph - "If you need information about Medicare Savings Programs, Medicare Prescription Drug plans or how to enroll in a plan, call **1-800-MEDICARE** (TTY **1-877-486-2048**) or visit **www.medicare.gov**. You also can request information about your State Health Insurance Assistance Program (SHIP). This program offers help with your Medicare questions."

Rationale: P.L. 110-275 requires SSA to provide applicants for Medicare Part D Low Income Subsidy with information about the Medicare Savings Program (MSP), including information about how to contact the State Health Insurance Assistance Program (SHIP).

Page 1:

We moved the first paragraph from under the Example boxes on the previous page to the top of this page.

Rationale: We needed to move this paragraph due to the expanded language we added on the cover page.

We added the following to this paragraph: "NOTE: To apply, you must live in one of the 50 states or the District of Columbia."

Rationale: The statement clarifies an eligibility factor for this program.

Page 2:

Form Title- Changed from “Application for Help with Prescription Drug Plan Costs”
to:

“Application for **Extra** Help with Prescription Drug Plan Costs”

Rationale: The second title is more accurate.

Question 2- Changed from “If you are married and living with your spouse, please provide the following information as it appears on you spouse’s Social Security card. If you are not currently married, or do not live with your spouse, skip to question 3 and so not include any information about your spouse on this application.”

to:

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

Rationale: This change clarifies that widowed individuals should not complete question 2.

Question 3 - Changed from:

“If you are married and living with your spouse, do you have savings, investments or real estate worth more than \$23,970? If not married or you don’t live with your spouse, do you have savings, investments or real estate worth more than \$11,990? DO NOT include the home you live in, vehicles, personal possessions, burial plots or irrevocable burial contracts.

YES If you place an X in the YES box, STOP. You are not eligible for the extra help and; you do not need to return this application to us. If you need a letter stating you are not eligible, sign the application on page 6 and return it to us.

NO or NOT SURE If you place an X in the NO or NOT SURE box, complete the rest of this application and return it to us”.

to:

“If you are married and living with your spouse, do you have savings, investments or real estate worth more than \$23,970? If you are not married or you do not live with your spouse, is the value more than \$11,900. DO NOT count the home you live in, vehicles, personal possessions, burial plots, irrevocable burial contracts or back payment from Social Security or SSI.

YES If you place an X in the YES box, you are not eligible for the extra help. But your state may be able to help you with your Medicare costs through their Medicare Savings Program. To start the application process for Medicare Savings Programs, skip to page 6, sign this application and return it to us. If you are not interested in the Medicare Savings Programs, skip to question 15 on page 5.

NO or NOT SURE If you place an X in the NO or NOT SURE box, complete the rest of this application and return it to us.”

Rationale: P.L. 110-275 requires SSA to provide applicants for Medicare Part D Low Income Subsidy with information about the Medicare Savings Program (MSP). Additionally, we revised the language for clarity.

Question 4 - The first sentence changed from:

“Please enter the money amounts of all bank accounts, investments or cash that either you, your spouse, if married and living together, or both of you own in the boxes below.”

to:

“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.”

We added the last sentence: “DO NOT include a back payment of Social Security or SSI received in the last 10 months.”

Rationale: We revised the language for clarity.

We eliminated the previous Question 5:

“Do you own life insurance policies with a total face value of more than \$1500? Answer for you and your spouse if your spouse lives with you.

If you answer NO for both you and your spouse, go to question 6.

YOU: YES NO
SPOUSE: YES NO

If you answered YES for either of you, how much money would you get if you turned in your policies for cash right now? Enter the amount. If you answered YES for both you and your spouse, enter the combined amount. This is not the face value of your policies. You may need to call your insurance company to help answer this question.”

Rationale: P.L. 110-275 eliminates counting the cash surrender value of life insurance policies as a resource for determining the subsidy amount. Therefore, that question is no longer necessary.

Question 5 (Previously Question 6) changed from:

“Will some money from the sources in questions 4 and 5 be used to pay for funeral or burial expenses? If YES, skip to question 7.

YOU: YES NO
SPOUSE: YES NO

to:

“Will some money from the sources in question 4 be used to pay for funeral or burial expenses?”
If YES skip to question 6. If NO, place an X in the box, then go to question 6.

YOU: YES NO
SPOUSE: YES NO

Rationale: We eliminated the reference to the question about the value of insurance policies.

Question 8 (Previously Question 9)

First sentence- inserted “you must answer the questions for both of you.
Bullet 5- added “private or state disability payments”.

Rationale: We revised the language for clarity.

Header above Question 10 (Previously Question 12): We reworded this to instruct applicants to answer new Question 15 (interest in applying for the Medicare Savings Programs).

Rationale: P.L. 110-275 requires SSA to provide applicants for Medicare Part D Low Income Subsidy with information about the Medicare Savings Program (MSP).

Eliminated previous Question 11:

“Do you count on anyone to help pay for any of the following household expenses - food, mortgage, rent, heating fuel or gas, electricity, water and property taxes? DO NOT include food stamps, house repairs, help from a housing agency, an energy assistance program, Meals on Wheels, contributions from food banks, soup kitchens or help with medical treatment and drugs. Do not include small amounts of money given occasionally or unexpectedly.

YES NO

If you place an X in the YES box, enter the monthly amount or, if the amount changes from month to month, enter the average monthly amount for the past year. \$,.

Rationale: P.L. 110-275 eliminates counting the value of in-kind support and maintenance for determining the subsidy amount. Therefore, the question is no longer necessary.

Header above Question 14 (Previously Question 16) changed from:

“If you are younger than age 65, answer question 16. (Note: this is now Q.14.) If you are married and living with your spouse and either one of you is younger than age 65, answer question 16 (now Q 14). Otherwise, sign the application on page 6 and return it to us.”

to:

“If you are married and living with your spouses and either one of you is younger than age 65, continue to question 14. Otherwise, skip to question 15.”

Rationale: We re-worded this for clarity.

Question 15: We added this question.

Rationale: P.L. 110-275 requires SSA to provide applicants for Medicare Part D Low Income Subsidy with information about the Medicare Savings Program (MSP) including information about how to contact the State health insurance assistance program (SHIP). This law also requires SSA, with the consent of the applicant, to transmit data to the State for the purpose of initiating an application for benefits under the MSP.

Important Information –Please Read Carefully

We deleted the reference to insurance policies in the second paragraph.

Privacy Act

We changed this from:

“Section 1860 D-14 of the *Social Security Act* authorizes the collection of information requested on this form. The information you provide will be used to enable the Social Security Administration to determine if you are eligible for help paying your share of the cost of a Medicare Prescription Drug Plan. You do not have to give us the information requested. However, if you do not provide the information, we will be unable to make an accurate and timely decision on your application. We may provide information collected on this form to another Federal, State, or local government agency to assist us in determining your eligibility for the extra help or if a Federal law requires the release of information. We may also use the information you give us when we match records by computer.”

to:

“Section 1860 D-14 of the *Social Security Act* authorizes the collection of information requested on this form. The information you provide will be used to enable the Social Security Administration (SSA) to determine if you are eligible for help paying your share of the cost of a Medicare Prescription Drug plan. You do not have to give us the information requested. However, if you do not provide the information, we will be unable to make an accurate and timely decision on your application. We may provide information collected on this form to another Federal, State, or local government agency to assist us in determining your initial or

continuing eligibility for the extra help or if a Federal law requires the release of information. We also may need to share the information with other SSA programs if SSA needs to determine your eligibility in those programs.”

Rationale: We revised our PA language due to the results of litigation (this litigation was unrelated to the Medicare program or forms).

Paperwork Reduction Act: We changed the average response time from 35 to 30 minutes (25 minutes on the i1020).

Rationale: P.L 110-275 eliminated two application questions, reducing the response time.

Fourth Paragraph: We changed this from:

“SEND THE COMPLETED FORM TO US AT THE ADDRESS SHOWN ON THE ENCLOSED PRE-ADDRESSED ENVELOPE:”

to:

“SEND THE COMPLETED FORM TO US AT THE ADDRESS SHOWN ON THE ENCLOSED PRE-ADDRESSED, POSTAGE-PAID ENVELOPE:”

Rationale: We added this language in case applicants do not realize the envelope is postage-paid.

Response to Public Comments

SSA received four sets of comments. Three were from medical assistance officials in Arizona, Utah and Vermont. One set of comments received was a joint effort of five organizations: the California Health Advocates, Center for Medicare Advocacy, Medicare Rights Center, National Council on Aging and National Senior Citizens Law Center. Below are the comments and our response.

Comment 1: The joint letter from the organizations recommended that SSA redesign the low-income subsidy application form to permit the election of authorized representatives and to permit the inclusion of explanatory remarks in the application text.

SSA Response: SSA does not concur. The rules SSA follows to permit representation of claimants for its cash benefits programs are based on specific enabling legislation. 42 U.S.C. 406 (“Representation of Claimants”) enables authorized representatives for the Social Security program; 42 U.S.C. 1383(d)(2) enables authorized representatives for the supplemental security income program. SSA cannot recognize a representative as authorized to act on a low-income subsidy applicant’s behalf without legislative authorization to do so. Legislative authorization for representation is absent from the low-income subsidy statute, 42 U.S.C. 1395w-114.

SSA cannot include an explanatory remarks section in the low-income subsidy application for three reasons. First, adding such a section would lengthen the application by another page, and make the form appear more daunting which might deter beneficiaries who would otherwise be willing to complete the form and mail it in. Second, beneficiaries who wish to explain items on their applications can and do mail in an explanation on a separate sheet of paper in the envelope with the application form. When an explanation page is included with the application, the application is reviewed by a technician. If the explanation page raises any issues, the reviewer will contact the beneficiary to discuss. Last, SSA's budget for the low-income subsidy is predicated upon an application process that is as automated as possible. Adding a free-form explanatory remarks section to the form would require more work year expenditures at intake. Additional work years would require additional budget funding.

Comment 2: Utah and Vermont expressed some concerns about the process involved. The State officials asked SSA to minimize unnecessary applications for the low-income subsidy from Medicaid eligibles by adding a question whether the individual already receives State help paying for Medicare costs and moving Question 15 to the front of the application. Those States also requested that data shared with the States will specify that the source is initial determinations and not from periodic redeterminations of eligibility.

SSA Response: Since inception in 2005, all SSA applications for the low-income subsidy have included instructions to minimize applications from medical assistance and supplemental security income beneficiaries. Page 1 of the application explains that if the individual has Medicare and is receiving medical assistance from the State or supplemental security income that he should contact his State rather than file an application, since prescription drug coverage is automatic for those people without filing an application. When processing an Extra Help application SSA screens to determine if someone is automatically deemed. SSA will not transmit data to the States on deemed individuals.

As for the data that SSA will provide the States, Public Law 110-275 addresses sharing application data with the States and does not direct SSA to provide information from its periodic redeterminations of low-income subsidy eligibility. The data SSA will share will also specify the individual's application date which will assure the State of the integrity of the data. Further, we expect that instructions sent to the States by the Centers for Medicare & Medicaid Services on the use of SSA low-income subsidy data will improve understanding of the process.

Comment 3: The joint letter from the organizations suggested reworking the language of the form to provide more information about assets, include a free-form explanation area for entering information about assets, changing the wording and order which explains when and how to file an application for Extra Help and making the application available in the top five most requested languages.

SSA Response: SSA does not agree. Although the organizations cited confusion with the asset questions, the concerns expressed by those organizations are focused on potential difficulty with the rule that if an asset is something other than nonhome real property that takes more than 20 days to convert to cash, it is not countable for low-income subsidy purposes. This type of asset is very rare and affects very few people. Changing the application substantially for this rare type

of asset and adding a free-form explanation section would increase work year demands on SSA (see the last paragraph of the SSA Response to Comment 1), lengthen the form which could deter some individuals from trying to complete the application and confuse the overwhelming majority of applicants who do not have such an asset.

SSA also does not concur with changing the wording and order explaining when and how to file the low-income subsidy application. The earliest versions of the low-income subsidy application were structured very much as the organizations say they would prefer. SSA abandoned that structure and chose the current language and order because the earlier versions confused some beneficiaries who incorrectly thought they were eligible for the low-income subsidy without filing an application. The current language in the application and the order of that language was developed jointly by SSA and the Centers for Medicare & Medicaid Services in the Department of Health and Human Services, the Federal agency responsible for oversight of Medicaid and Medicare. The current language is designed to minimize confusion while maximizing accuracy.

As for making the low-income subsidy application available in five languages, SSA notes that the application is available on SSA's web site in 14 languages which may be used as a guide to completing the Extra Help application form.

Comment 4: Officials from Arizona, Utah and Vermont suggested that SSA modify the extra help application form to gather more detailed identity information about the household. Those changes included recommendations to: 1) include detailed identifying information about members of the beneficiary's household, 2) detailed information about the location of the beneficiary's principal residence and any personal representative, and 3) gather citizenship information. The States requested these changes to facilitate use of referred SSA data in the Medicare Savings Programs eligibility process.

SSA Response: SSA will not adopt these suggestions for two reasons:

1) SSA does not need detailed identifying information about members of the beneficiary's household, citizenship or location of the principal residence information to make an Extra Help decision. SSA only needs to know the identity of the beneficiary and about household members who receive one-half or more support from the beneficiary (or spouse). Similarly, Extra Help requires Medicare Part A (Hospital Insurance) and/or Part B (Supplementary Medical Insurance) entitlement; neither the existence of a personal representative or citizenship status is at issue for this purpose.

2) The agency has only received enough resources to collect information for the Extra Help decision and to decide whether to share applicant information with the relevant Medicaid State agency. Collecting citizenship, principal residence and personal representative data would require extra funds since these questions are not necessary for a low-income subsidy determination by SSA, and SSA is prohibited from spending its appropriated funds for Medicare Savings Programs purposes.

Comment 5: Arizona and Utah recommended we change Question 15 on the draft Extra Help application to a "Yes/No" answer. The current design of that question assumes beneficiaries will

complete the items only if they do not want their information shared with the State for Medicare Savings Programs purposes. Both States recommended a design that would require a beneficiary to affirm or deny a request to send information to the State.

SSA Response: SSA does not agree. SSA adopted a design recording only refusals for simplicity and because of limited funding. Since the Medicare Savings Programs provide a valuable tool to help beneficiaries with their Medicare cost-sharing obligations, we believe most if not all beneficiaries will want their information shared with their States so they can receive a Medicare Savings Programs decision. Rather than make this question more complicated than it needs to be and invite the expense of re-contacting beneficiaries who might fail to answer the question or answer the question both positively and negatively, SSA decided that using only an “opt-out” selection would be most effective and reduce costs for this new question. SSA has also modified the information before the Signature on page 6 so that the individual may be sure about what information he is authorizing to be shared with the State for Medicare Savings Programs purposes.

Comment 6: Utah and Vermont asked us to separately solicit income information from each member of a couple rather than combine that information in question #8 (unearned income). The States wrote that this level of information would assist them in making Medicare Savings Programs decisions and would assure more correct information.

SSA Response: SSA does not need to separate the income of each member of a couple in order to make a low-income subsidy decision. Because of the information flow in processing, SSA can and will supply the States with wage and self-employment income information separately for each member of a couple. Soliciting separate information for other types of income from each member of a couple is unnecessary for low-income subsidy purposes, would add to complexity and processing costs and would require additional financing to even consider as it applies only to certain Medicare Savings Programs and SSA can not use its normal budget for MSP purposes. The paragraph reads as follows:

Unless told not in question 15, I am/we are authorizing SSA to disclose the financial information listed above and other individually identifiable information from my/our file, such as my/our name(s), date of birth, gender and social security number(s) to the State to start the application process for Medicare Savings Programs.

Comment 7: The comments from the organizations contained a number of specific editorial suggestions for changes in the form.

SSA Response: SSA adopted a number of these suggestions in the final version of the form:

- Capitalize the “E” and “H” in Extra Help each time it appears—adopted.
- In the cover letter, bold the sentence in the fourth narrative paragraph, make it a separate paragraph, and substitute “other Medicare costs” for “your Medicare costs”—SSA adopted bolding the sentence and the wording change. There is insufficient room on the page to make the sentence a separate paragraph. The sentence now reads: “**You also may be able to**

get help from your state with other Medicare costs under the Medicare Savings Programs.”

- Change the wording in the box below the name of the form for clarity—adopted. That box now reads: “THIS IS AN APPLICATION FOR EXTRA HELP AND DOES NOT ENROLL YOU IN A MEDICARE PRESCRIPTION DRUG PLAN.”
- Change the wording of the screen-out question #3—not adopted. The suggested changes would make the question too long and hard to understand and would lengthen the form to another page which could deter some beneficiaries from filing.
- Add “Also” in front of the second sentence in question #4 (liquid assets)—adopted.
- Address undeveloped land in question #6 (non-home real property)—adopted with modification to the suggested wording.
- Add “monthly” to the text of the second sentence in question #8 (unearned income)—not adopted. The sentence already specifies “the amount you receive each month.” SSA thinks this is less confusing when read with the third sentence in that question.
- Use monthly amounts in questions #10 (wages) and #11 (income from self-employment)—not adopted. These questions involve earned income. Unlike the unearned income information solicited in question #8, earned income can fluctuate considerably from month-to-month. It is more reasonable to request annual totals in these questions without addressing seasonal employment or months with three/five paydays instead of months with two/four paydays.
- Reword question #15 (Medicare Savings Programs referral)—not adopted. The language supplied was much more confusing than SSA’s language. We also note that SSA could not use some of the suggested language, since language for the paper form parallels that of the Internet version of the Extra Help application in most instances.
- Simplify Section B, page 6 about the person who assisted with completion of the application—not adopted, at least for now. In addition to the costs involved in making systems changes for scanning this section, SSA is assessing methods to simplify Section B while gathering data for targeting possible future outreach activities. Any changes to Section B will be deferred for a post-2010 version of the low-income subsidy application.