



Social Security

Understanding The Extra Help With Your Medicare Prescription Drug Plan

2009

www.socialsecurity.gov

Contacting Social Security

Visit our website

Our website, www.socialsecurity.gov, is a valuable resource for information about all of Social Security's programs. At our website, you can:

- Apply for Extra Help with Medicare prescription drug plan costs;
- Apply for other Social Security benefits;
- Find the address of your local Social Security office;
- Request a *Social Security Statement* or a replacement Medicare card; and
- Find copies of our publications.

Call our toll-free number

If you need an application, call Social Security at **1-800-772-1213**, and ask for the *Application for Help with Medicare Prescription Drug Plan Costs* (SSA-1020). We treat all calls confidentially. Social Security representatives are available to help you complete your application or answer specific questions from 7 a.m. to 7 p.m., Monday through Friday. We provide information by automated phone service 24 hours a day. If you are deaf or hard of hearing, you can call our TTY number, **1-800-325-0778**.

We also want to make sure you receive accurate and courteous service. That is why we have a second Social Security representative monitor some telephone calls.

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What is Extra Help with Medicare prescription drug plan costs?

Anyone who has Medicare and lives in the 50 states or the District of Columbia can get Medicare prescription drug coverage. Some people with limited income and resources also are eligible for Extra Help to pay for the costs—monthly premiums, annual deductibles, and prescription co-payments—related to a Medicare prescription drug plan. The Extra Help is estimated to be worth an average of \$3,900 per year. Many people qualify for these big savings and don't even know it. To find out if you qualify, Social Security will need to know your income and the value of your savings, investments, and real estate (other than your home). If you are married and living with your spouse, we will need information about both of you.

To help Social Security determine if you are eligible for the Extra Help, you will need to file an *Application for Help with Medicare Prescription Drug Plan Costs* (SSA-1020).

What is the income limit?

To qualify for Extra Help with Medicare prescription drug plan costs, your annual income for 2009 must be limited to \$16,245 for an individual or \$21,855 for a married couple living together.

Even if your annual income is higher, you still may be able to get some help. Some examples where your income may be higher are if you or your spouse:

- Support other family members who live with you;
- Have earnings from work; or
- Live in Alaska or Hawaii. The income limit for Alaska is \$20,295 for an individual or \$27,315 for a married couple living together. The income limit for Hawaii is \$18,690 for an individual or \$25,140 for a married couple living together.

What does not count as income?

Not all cash payments count as income. For example, **we do not count:**

- Food stamp assistance;
- Housing assistance;
- Home energy assistance;
- Medical treatment and drugs;
- Disaster assistance;
- Earned income tax credit payments;
- Economic recovery payments;
- Victim's compensation payments; and
- Scholarships and education grants.

What is the resource limit?

To get the Extra Help, your total resources for 2009 must be limited to \$12,510 for an individual or \$25,010 for a married couple living together.

Resources include the value of the things you own. Some examples are:

- Real estate (other than your primary residence);
- Bank accounts, including checking, savings, and certificates of deposit;
- Stocks;
- Bonds, including U.S. Savings Bonds;
- Mutual funds;
- Individual Retirement Accounts (IRAs); and
- Cash at home or anywhere else.

What does not count as a resource?

We do not count:

- Your primary residence;
- Your personal possessions;
- Your vehicle(s);
- Resources you could not easily convert to cash, such as jewelry or home furnishings;
- Property you need for self-support, such as rental property or land you use to grow produce for home consumption;
- Non-business property essential to your self-support;
- Up to \$1,500 (or \$3,000 if you are married and living with your spouse) of the cash value of life insurance policies you hold;
- Burial spaces;
- Interest earned on money you plan to use for burial expenses; and
- Certain other money you are holding is not counted for nine months, such as:
 - Retroactive Social Security or Supplemental Security Income (SSI) payments;
 - Housing assistance;
 - Federal income tax refunds and earned income tax credit advances;
 - Economic recovery payments;
 - Compensation you receive as a crime victim; and
 - Relocation assistance from a state or local government.

You should contact Social Security for information about other exclusions.

How do you apply?

If you are not getting the Extra Help automatically, it is easy to apply. Just complete Social Security's *Application for Help with Medicare Prescription Drug Plan Costs* (SSA-1020). Here's how:

- Apply online at www.socialsecurity.gov;
- Call Social Security at **1-800-772-1213** (TTY **1-800-325-0778**) to apply over the phone or to request that an application be mailed to you; or
- Apply at your local Social Security office.

After you apply, Social Security will review your application and send you a letter to let you know if you qualify for the Extra Help. Once you qualify, you can select the Medicare prescription drug plan of your choice. If you do not select a plan, the Centers for Medicare & Medicaid Services will do it for you. The sooner you join a plan the sooner you begin receiving benefits.

If you are not eligible for the Extra Help, you still may be able to enroll in a Medicare prescription drug plan. For information about enrollment periods visit www.medicare.gov or call **1-800-MEDICARE** (**1-800-633-4227**; TTY **1-877-486-2048**).

What should you know about the application for Extra Help?

Most of the questions on the application deal with income and resources. If you are married and living with your spouse, we need to know this information about both of you. Family members, caregivers, and other third parties can help you complete the application. The worksheet on the next page can help you decide if you are eligible and can assist you in completing the actual application for Extra Help. The worksheet is **not** an application.

To prepare:

- Identify the things you own alone, with your spouse, or with someone else, but **do not** include your home, vehicles, burial plots, or personal possessions.
- Review all your income.
- Gather your records in advance to save time.

The records you will need are:

- Statements that show your account balances at banks, credit unions, or other financial institutions;
- Investment statements;
- Life insurance policy statements;
- Stock certificates;
- Tax returns;
- Pension award letters; and
- Payroll slips.

We will not ask for documentation initially to support the information you provide, but we will match your information with data available from other federal agencies.

Resources	Value
Bank accounts, including checking, savings, and certificates of deposit	\$ _____
Stocks, bonds, savings bonds, mutual funds, individual retirement accounts (IRAs), or other investments	\$ _____
Cash at home or anywhere else	\$ _____
Life insurance policies for you (and your spouse, if married and living together)	\$ _____
<p><i>NOTE: Social Security needs to know how much money you would get if you cashed in your life insurance policies today. Check with your insurance company or agent to get the exact cash value. This probably will be less than the amount you are insured for.</i></p>	
Any real estate other than your home	\$ _____

Income	Monthly Amount
Social Security benefits	\$ _____
Railroad Retirement benefits	\$ _____
Veterans benefits	\$ _____
Other pensions or annuities	\$ _____
Alimony	\$ _____
Net rental income	\$ _____
Workers' compensation	\$ _____
Other income (private or state disability payments)	\$ _____
Help from other people to pay for household expenses, such as food, mortgage or rent, heating fuel or gas, electricity, water, and property taxes	\$ _____

Income	Annual Amount
Wages	\$ _____
Net earnings from self-employment	\$ _____

Tips for completing the application for Extra Help

Here are some tips to help you complete the application. Following these tips will help us process your application as quickly as possible.

- Computers read your application when you send it back to Social Security. Use only a pen with black ink to complete the application. Pens with ink of any color other than black cannot be read by the computer and could cause a delay in getting you an answer about your application for Extra Help.
- Many questions on the application ask you to mark an “X” in a “Yes” or “No” box. Please remember that you cannot mark an “X” in both the “Yes” and “No” boxes.
- Your Social Security number or Railroad Retirement Board number must be included on the application. In order to receive a quick response from us, please be sure you enter your name and number **exactly** as they appear on your Social Security card or Railroad Retirement Board card.
- If you are single, widowed, divorced, or not living with your spouse, do not complete question 2 (marital information), and do not write in any boxes anywhere on the form that ask for information about your spouse.
- Please send the entire application package back to us—not just the page that you signed. If you are unable to answer all the questions, send your application and we will help you complete it.
- There is no need to send us anything other than your completed application. We do not need to see doctor bills, prescription lists, Internal Revenue Service (IRS) forms, or other documents.

- Apply online at www.socialsecurity.gov or complete an original paper application. Please do not complete a photocopied, faxed, or downloaded copy of the application. Anything other than the online or original paper application could cause a delay in getting you an answer about your application for Extra Help. If you need a paper application, call Social Security at **1-800-772-1213** (TTY **1-800-325-0778**) or visit a Social Security office. Social Security representatives are available to help you complete your application.
- If relatives, neighbors, or friends want an application, have them visit Social Security online or call us to ask for an application. Please do not share your application with them.
- For Question 5 on the application, we need to know whether you (or your spouse, if you live together) have any life insurance policies with a total combined **face value** of more than \$1,500. The face value is the same as the death benefit—the sum of money that is paid when you die. If you answer “Yes” to Question 5, you must report the **cash value**—that is the amount you would receive if your insurance policy was cashed in right now—even if it is less than the face value.

If you do not know the amount of your policy’s cash value, you may need to contact your life insurance agent or company to get this information.

Insurance companies are aware of the Medicare prescription drug program and have been informed that they may receive inquiries concerning cash values from policyholders or people who are assisting them to apply for the Extra Help.

Important note: If you have any outstanding loans against the policy, the cash value is reduced.

Social Security will accept your statement concerning the cash value of your life insurance policy and will not require any further documentation.

Also, there are some life insurance policies that we do not count:

- Term insurance that does not have a cash surrender value; or
- Burial insurance when the death benefit can be used only to pay funeral expenses.
- Question 11 on the application asks if you count on anyone to help you pay for any of the following household expenses—food, mortgage, rent, heating fuel or gas, electricity, water, and property taxes. We do not need to verify the amount.

If anyone regularly provides you (or your spouse, if married and living together) help with these expenses, answer “Yes” and enter the average monthly amount in the space provided on the application. If you occasionally receive help, such as your child paying your telephone bill for one month, do not include that amount. The kind of help that we count would be if somebody regularly pays for your food or shelter, such as your niece buying all your groceries or paying your rent regularly. Small amounts of money you receive occasionally or unexpectedly do not count.

Other types of assistance that we do not count are:

- Help with household repairs;
- Meals on Wheels; and
- Contributions from food banks or soup kitchens.

Additional information for Medicare beneficiaries with disabilities

If you are disabled and have been receiving Social Security disability benefits for 24 months, have permanent kidney failure that requires maintenance dialysis or a kidney replacement, or have amyotrophic lateral sclerosis (Lou Gehrig's disease), you also are eligible for Medicare. Anyone who has Medicare and lives in the 50 states or the District of Columbia can get Medicare prescription drug coverage. This help will not affect your monthly disability payments.

Additional information for American Indians and Alaska Natives

Pages 6 and 7 provide a list of certain incomes and resources that do not count toward the income and resource limits. American Indians and Alaska Natives may have other income and resources that also are excluded.

For example, **Social Security will not count** the following income and resources:

- Funds held in trust by the Secretary of the Interior for an Indian Tribe and distributed per capita to members of the Tribe;
- Certain distributions received by an Alaska Native from an Alaska Native Regional and Village Corporation;
- Up to \$2,000 per year received by an Indian that is derived from individual interests in trusts or restricted lands;
- Payments to members of specific Indian Tribes as provided by federal legislation; and

- Land held in trust by the United States for an individual Indian or Tribe.

You should contact Social Security for other income and resource exclusions.

Additional information for family members, caregivers, and third parties

You can help a Medicare beneficiary apply for Extra Help with their Medicare prescription drug plan costs. If you assist someone else with the application, you must answer the questions as if that person were completing the application. To find out if someone is eligible, Social Security will need to know their income and the value of their savings, investments, and real estate (other than their home). If they are married and living with their spouse, we will need this information for both of them. The information on page 9 and worksheet on page 10 can assist you with the application.

You can help someone apply for Extra Help online at www.socialsecurity.gov. To help them apply by phone or to get an original paper application, call Social Security at **1-800-772-1213** (TTY **1-800-325-0778**) and ask for the *Application for Help with Medicare Prescription Drug Plan Costs* (SSA-1020).

How can Social Security help you with the Medicare prescription drug plans?

Social Security can help you apply for Extra Help paying for your Medicare prescription drug plan costs if you have limited income and resources. Just call our toll-free number or apply at your local Social Security office.

Social Security can provide information about the organizations that are available in your community to help you make choices when enrolling in a plan.

How can state agencies help you with Medicare costs?

State agencies also can help with Medicare costs. State medical assistance (Medicaid) offices offer a Medicare Savings Program. Medicare Savings Programs also help people with limited income and resources pay for their Medicare expenses. If you are paying a premium for Medicare Part A, the Medicare Savings Program may pay it for you. The Medicare Savings Program can help you save more than \$1,100 a year. This assistance is in addition to the Extra Help.

If you think you might be able to get help with Medicare costs from your state, or if you are not sure, call your state medical assistance (Medicaid) office or call **1-800-MEDICARE (1-800-633-4227; TTY 1-877-486-2048)**.

How do you join a Medicare prescription drug plan?

By paper application—Contact the company offering the drug plan you choose and ask for an application. Once you fill out the form, mail or fax it back to the company.

On the plan's website—Visit the drug plan company's website. You may be able to join online.

On Medicare's website—Join a drug plan at ***www.medicare.gov*** on the web using Medicare's online enrollment center.

By calling 1-800-MEDICARE—Call **1-800-MEDICARE (1-800-633-4227; TTY 1-877-486-2048)** and talk to a Medicare customer service representative.

What factors should you consider when comparing your Medicare drug plan choices?

Visit www.medicare.gov on the Internet and use the following tools:

Compare Medicare prescription drug plans—By entering personalized information, you can find and compare the prescription drug plans in your state that meet your personal needs and enroll in the prescription drug plan you select.

Formulary Finder—By entering personalized information about the specific medications you take, you can get information to help you find the plans in your state that match your prescription drug needs.

Call **1-800-MEDICARE (1-800-633-4227; TTY 1-877-486-2048)** to learn more about the Medicare prescription drug plans and special enrollment periods. Medicare can tell you about agencies in your area that can help you with Medicare prescription drug plans.

How can you get help to make a decision about enrolling in a specific prescription drug plan?

Coverage—Medicare drug plans will cover generic and brand-name drugs. Most plans will have a formulary, which is a list of drugs covered by the plan. The drugs covered by the plans can change, but the list must always meet Medicare's requirements.

Cost—Monthly premiums and your share of prescription costs will vary depending on which plan you choose. If you qualify for Extra Help because you have limited income and resources, you will get help with some or all of these costs.

Convenience—Drug plans must contract with pharmacies in your area. Check with the plan to make sure the pharmacies in the plan are convenient to you.

How do we make a decision on your application for Extra Help?

Social Security will use the information you provide on your application to determine your eligibility. We also will compare that information with records from Federal, state, and local government agencies to make sure the information is correct.

What can you do if you disagree with the information we used to determine your eligibility?

Social Security will send you a pre-decisional notice if information in our records show you are ineligible for the Extra Help. If you don't understand the notice, call us at **1-800-772-1213** (TTY **1-800-325-0778**), and we will explain it to you. If you disagree with the information we have, call the number above or visit your local Social Security office within 10 days of receiving the pre-decisional notice, and give us the correct information.

We will send you a final determination if you do not provide us any additional information within 10 days. It will explain how you can appeal if you disagree with the final determination. We call this an appeal.

How can you appeal the final determination we made on your application for Extra Help?

If you want to appeal the determination Social Security made about your eligibility for Extra Help with Medicare prescription drug plan costs, visit www.socialsecurity.gov or call us at **1-800-772-1213** (TTY **1-800-325-0778**) and ask for an *Appeal of Determination for Help with Medicare Prescription Drug Plan Costs* (SSA-1021). You can mail the request to Wilkes-Barre Data Operations Center, P.O. Box 1030, Wilkes-Barre, PA 18767-1030. You also can call, write, or visit your local Social Security office.

What will happen when you appeal?

When you request the appeal, we will ask you to tell us why you think our decision is wrong. Usually we will set up an appointment for a hearing, to review your case with you by telephone. To set up the hearing appointment, we will ask you for two preferred times for us to call. Then, we will send you a hearing appointment notice that will give you the time and date scheduled for your hearing.

If you choose not to participate in a telephone hearing, we will decide your case by looking at the information we have on file and any new information you give us to be sure that a proper decision was made. We call this a hearing by case review.

Whether you request a hearing by telephone or a hearing by case review, we will send you another notice as soon as the necessary work has been completed on your claim.

Is there a time frame for the appeal?

You have 60 days from the date you receive the notice telling you about our decision to request an appeal. If you do not appeal within the 60-day time limit, you may lose your right to appeal and the decision we made becomes final. If you have a good reason for not appealing your case within the time limits, we may give you more time. You can request an extension by calling us at **1-800-772-1213** (TTY **1-800-325-0778**).

Can you get help to request an appeal?

You may choose to have someone help you with your appeal or to represent you. Your representative may be a lawyer or other qualified person familiar with you and the Social Security program. We will work with your representative just as we would work with you. He or she can act for you in most Social Security matters.

What can you do if you do not agree with the decision made on your appeal?

If you disagree with the decision Social Security makes on your appeal, you may file a lawsuit in a Federal district court. The letter we send you about the decision on your appeal also will tell you how to ask a court to look at your case.

Legislative changes

In July 2008, Congress passed the *Medicare Improvements for Patients and Providers Act*. This legislation made three key changes to the Extra Help benefit with Medicare prescription drug plan costs, effective January 1, 2010:

1. We will no longer count as income the help you receive regularly from someone else to pay your household expenses—food, mortgage, rent, heating fuel or gas, electricity, water, and property taxes.
2. We will no longer count as a resource the cash value of your life insurance policies. This is the amount of money you would receive if you turned in your policies for cash right now.
3. You can initiate an application for help from your state under the Medicare Savings Programs when you file your application for Extra Help.

Also, if you are receiving Extra Help you are not subject to a penalty for late enrollment into the Medicare Part D prescription drug program. This provision is effective January 1, 2009. So, the sooner you apply the sooner you begin receiving benefits.

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