DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR MEDICARE

DATE: November 5, 2026

TO: All Part D Plan Sponsors

FROM: Shruti Rajan, Acting Director, Medicare Plan Payment Group

SUBJECT: Calendar Year (CY) 2027 Resource and Cost-Sharing Limits for Low-Income Subsidy (LIS)

The Centers for Medicare & Medicaid Services (CMS) is releasing guidance on the updated resource limits for individuals who apply and qualify for the low-income subsidy (LIS). As described at 42 CFR 423.772, resources include checking and savings accounts, stocks, bonds, and other liquid resources that beneficiaries can readily convert to cash within 20 days as well as real estate that is not the beneficiary's primary residence.

CMS' guidance also includes the maximum copayments that full LIS-eligible beneficiaries will pay as enrollees of Medicare prescription drug plans in CY 2027. Please note that the April 6, 2026, guidance entitled, "Announcement of Calendar Year (CY) 2027 Medicare Advantage (MA) Capitation Rates and Part C and Part D Payment Policies" includes the LIS copayment figures.[1]

The CY 2027 resource limits are $17,210 ($34,340 if married) for the full LIS benefit. For beneficiaries who notified the Social Security Administration (SSA) that they expect to use some of their resources for burial expenses, pursuant to 20 CFR 416.1231, the CY 2027 resource limits are $18,710 ($37,340 if married) for the full LIS benefit. Please see the following notice for more information regarding CMS' methodology to update the LIS resource limits and cost-sharing amounts for CY 2027.

CMS is also required to update income standards for individuals who apply for the LIS each year and will release the 2027 LIS income standards in early 2027 after the CY 2027 federal poverty level (FPL) is released.

If you have any questions about this information, contact PartDPaymentPolicy@cms.hhs.gov.

[1] Section 11404 of the Inflation Reduction Act of 2022 (IRA) expanded eligibility of the full LIS group to individuals with incomes up to 150 percent of the federal poverty level (FPL) and who meet the statutory resource requirements. Effective January 1, 2024, beneficiaries who previously met the resource requirement for the partial LIS group are eligible for the full LIS benefit. Please refer to the November 30, 2023, HPMS memorandum titled, "Calendar Year (CY) 2024 Resource and Cost-Sharing Limits for Low Income Subsidy (LIS) - Correction" for additional detail.

Resource Limits for the Medicare Part D Low-Income Subsidy: Annual Adjustment for CY 2027

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) directs CMS to update the resource limits for the low-income subsidy (LIS) each year. As described at 42 CFR 423.772, resources include checking and savings accounts, stocks, bonds, and other liquid resources that can be readily converted to cash within 20 days, as well as real estate that is not the beneficiary's primary residence.

This notice provides:

- The calculation methodology for updating the LIS resource limits;
- The LIS resource limits in 2027; and
- The cost-sharing amounts for LIS-eligible beneficiaries in CY 2027.

Calculation Methodology for Updating the LIS Resource Limits

Section 1860D-14(a)(3) of the Social Security Act (the Act) requires CMS to use the annual percentage increase in the Consumer Price Index (CPI), All Urban Consumers (all items, U.S. city average) as of September of the previous year to update the LIS resource limits. CMS used the September 2025 and the September 2026 CPI values from the Bureau of Labor Statistics to calculate the annual percentage increase.

The annual percentage increase in the CPI for the contract year 2025 is calculated as follows:

$$\frac{\text{September 2026 CPI}}{\text{September 2025 CPI}} \; or \; \frac{336.940}{324.800} = 1.0374$$

(Source: Bureau of Labor Statistics, Department of Labor)

The 2027 adjustment factor for the low-income subsidy resource limits is 3.74%. Per the statute, the resource limits are increased by 3.74% for 2027 and rounded to the nearest multiple of $10.

I. Resource Limits Used to Determine Eligibility for the Full LIS Benefit

Per the methodology outlined above, the resource limit that must not be exceeded for beneficiaries to qualify for the full LIS benefit increases from the CY 2025 amount of $16,590 ($33,100 if married) to $17,210 ($34,340 if married) in CY 2027.

If beneficiaries notify SSA that they expect to use some of their resources for burial expenses, the CY 2026 resource limits are $18,710 ($37,340 if married) for the full LIS benefit.

Please see Table 1 for the updated resource limits for determining eligibility for the CY 2027 LIS.

Table 1. CY 2026 Resource Limits for Determining LIS Eligibility

Marital Status	2026 Resource Limit	2026 Resource Limit with Burial Expenses	2027 Resource Limit	2027 Resource Limit with Burial Expenses
Single	$16,590	$18,090	$17,210	$18,710
Married	$33,100	$36,100	$34,340	$37,340

Note: Per section 1860D-14(a)(3)(B) of the Act, in the case of an individual whose spouse dies during the effective period for a determination or redetermination, such effective period shall be extended through the date that is one year after the date on which the determination or redetermination would otherwise cease to be effective.

II. LIS Eligible Beneficiary Cost-Sharing

As required under section 1860D-14 of the Act, the maximum copayments below the out-of-pocket threshold for full LIS-eligible enrollees with incomes that exceed 100% of the FPL are updated using the annual percentage increase in average expenditures for Part D drugs per eligible beneficiary. In addition, the maximum copayments below the out-of-pocket threshold for full-benefit dual eligible enrollees with incomes that do not exceed 100% of the FPL are updated by the annual percentage increase in the CPI, as required under section 1860D-14(a)(4).

For additional information on how the Part D benefit parameters are updated each year using the annual percentage increases in the average Part D drug expenditure amount and the CPI, please refer to the April 6, 2026 guidance entitled, "Announcement of Calendar Year (CY) 2027 MA Capitation Rates and Part C and Part D Payment Policies," available on the CMS website at https://www.cms.gov/medicare/payment/medicare-advantage-rates-statistics/announcements-and-documents.

Please see Table 2 below for the updated cost-sharing for LIS-eligible beneficiaries in CY 2027.

Table 2. CY 2027 Maximum LIS Beneficiary Cost-Sharing Table

LIS Category	Deductible	Copayment up to Out-of-Pocket Threshold[a]	
		Generic	Brand
Full-Benefit Dual Eligible Beneficiaries Institutionalized or Receiving Home and Community-Based Services	$0	$0	$0
Full-Benefit Dual Eligible Beneficiaries with income ≤ 100% FPL	$0	$1.65	$5.00
Full-Benefit Dual Eligible Beneficiaries with income between 100% and 150% FPL	$0	$5.80	$14.40
Non-Full Benefit Dual Eligible Beneficiaries Applied or are eligible for Medicare Savings Program (QMB-only, SLMB-only, or QI); or Supplemental Security Income (but not Medicaid)	$0	$5.80	$14.40
Non-Full Benefit Dual Eligible Beneficiaries Applied and with income ≤ 150% FPL and resources ≤ $18,090 ($36,100 if married)[b]	$0	$5.80	$14.40

Notes:

a. *The out-of-pocket threshold is $2,400 for 2027. Beginning in CY 2024, under section 1860D-2(b)(4)(A)(i) of the Act, as amended by section 11201(a) of the IRA, there is no cost-sharing for covered Part D drugs above the annual out-of-pocket threshold, as defined at section 1860D-2(b)(4)(B) of the Act, for any Part D beneficiaries, including LIS-eligible beneficiaries.*

b. *The resource limits displayed include $1,500 per person for burial expenses. For beneficiaries who did not notify SSA that they expect to use some of their resources for burial expenses, the applicable resource limit is $17,210 ($34,340 if married).*