

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-16-16  
Baltimore, Maryland 21244-1850



## Center for Beneficiary Choices

**Date:** August 30, 2006

**To:** All Part D Plan Sponsors

**From:** Abby L. Block, Director  
Center for Beneficiary Choices

**Subject:** Modified De Minimis Premium Policy for Low-Income Subsidy Beneficiaries

On June 8, 2006, CMS released guidance concerning an alternative policy for determining the calculation of the Part D low-income benchmark premium amounts for 2007. In this guidance, CMS announced that in 2007 a de minimis premium policy for low-income subsidy (LIS) beneficiaries would be implemented to ensure beneficiary stability. Under this de minimis premium policy, Prescription Drug Plans (PDPs) will be required to charge full-premium subsidy eligible beneficiaries who enrolled in their plans in 2006, a monthly beneficiary premium of no more than the applicable low-income premium subsidy amount, if the plan's beneficiary premium for basic prescription drug coverage exceeds the low-income premium subsidy amount by \$1 or less. This policy will eliminate the need to move LIS beneficiaries to new plans simply because their existing plan's premium exceeds the low-income premium subsidy by a de minimis amount.

In order to further ensure beneficiary stability and reduce the number of LIS beneficiaries reassigned in 2007, CMS is modifying this premium policy to increase the de minimis amount from \$1 to \$2. Therefore, starting in 2007 Prescription Drug Plans (PDPs) are required to charge full-premium subsidy eligible beneficiaries who were enrolled in their plans in 2006, a monthly beneficiary premium of no more than the applicable low-income premium subsidy amount, if the beneficiary premium for basic prescription drug coverage exceeds the low-income premium subsidy amount by \$2 or less. This modified de minimis premium policy would greatly improve beneficiary stability by permitting approximately 93% of LIS beneficiaries to remain enrolled in their current Part D plans in 2007.

### Further Information

If you have questions, please contact Meghan Elrington at (410) 786-8675.