

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



## **CENTER FOR BENEFICIARY CHOICES**

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**TO:** All Part D Plan Sponsors

**FROM:** Cynthia Tudor, Ph.D., Director, Medicare Drug Benefit Group

**RE:** Late Enrollment Penalties for Plan Year 2006

**DATE:** October 6, 2006

CMS will soon publish operational guidance for Part D Sponsors on the late enrollment penalty (LEP) and creditable coverage (CC). The CC-LEP operational guidance will instruct Part D Sponsors on how to report creditable coverage determinations through enrollment transactions, per Appendix E of the Medicare Advantage and Prescription Drug Plan Communications User's Guide. Specifically, the CC-LEP operational guidance outlines how Plans should report upon two data elements:

- Creditable coverage flag, and
- Number of uncovered months (i.e., the number of calendar months, after a beneficiary's Initial Enrollment Period, in which he/she did not have Medicare prescription drug coverage or other creditable prescription drug coverage).

Until the CC-LEP operational guidance is published, sponsors should report 'Y' for the creditable coverage flag and zero for the number of uncovered months for all enrollees, regardless of any creditable coverage documentation the beneficiary has submitted.

The forthcoming CC-LEP operational guidance will instruct Part D Sponsors on how to address beneficiaries with an enrollment effective date on or after August 1, 2006, including those for whom enrollment transactions have already been submitted. In the meantime, Part D Sponsor should retain any creditable coverage documentation received.

For questions about operations related to the late enrollment penalty and creditable coverage please contact Tamara Jackson-Douglas at [Tamara.JacksonDouglas@cms.hhs.gov](mailto:Tamara.JacksonDouglas@cms.hhs.gov).