



## **CENTER FOR BENEFICIARY CHOICES**

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**Date:** December 6, 2006

**To:** All Medicare Advantage, Prescription Drug Plan, Cost, PACE and Demonstration Organizations Business and System Operations Staff

**From:** Anthony J. Culotta, Director, Medicare Enrollment and Appeals Group

**Subject:** 2007 Low-Income Subsidy (LIS) Status and Premium Amounts

### Overview

The purpose of this memo is to provide information about two forthcoming enrollment files that contain important information about changes to members' low-income subsidy eligibility and premiums for 2007. This memo also describes the actions plans are required to take once they receive this information, including setting members' low-income cost-sharing (LICS) level effective January 1, 2007, mailing the appropriate LIS rider for the 2007 calendar year, and confirming and correcting, as necessary, Part C premium data.

### Background

CMS and SSA have already notified beneficiaries who will lose LIS eligibility at the end of December 2006. As explained in detail in our October 5, 2006 memorandum, "Re-Determination of Low-Income Subsidy (LIS) Eligibility for 2007," CMS provided information to plans (via a special Transaction Reply Report) about their members who were no longer deemed eligible for LIS. Plans are expected to have reached out to these members to encourage them to apply and help them through the process. We are now providing plans with the most recent available information about their members who will lose LIS at the end of this year. We encourage plans to remind these beneficiaries that they will lose this extra help and provide information about their plan benefits in light of this loss. CMS has developed a model notice for this purpose at Attachment B.

### Enrollment Files Release Dates and Layouts

The first of the two full enrollment files will be sent to plans on or about **Wednesday, December 6**. It will contain information about the loss of a member's LIS eligibility in field 24, Subsidy End Date. This field will be populated for any member in your plan losing LIS at the end of December 2006.

The second data file will be sent to plans on or about **Wednesday, December 13**. This full enrollment file will contain the latest results of processing plan transactions, as well as plan rollovers. The file will include the final status of your members for the January payment and will contain the following information: who is enrolled in your plan, who has LIS, who no longer has LIS in 2007, and premium data for the members. This file will also contain a premium-related field not used in previous full enrollment files.

Both files will use the full enrollment file layout as contained the Plan Communication Users Guide, Appendix E. (A copy of this layout is also provided at Attachment A.) Below are descriptions of the new pertinent data elements relating to these files:

- **Subsidy End Date (Field 24)** – If the member is deemed eligible for the full year, this date will be 12/31/07. If the member has applied and been determined eligible, this field is open-ended. (It is important to note that the subsidy can end in the middle of the year for those who apply and are determined eligible but who then experience a change in circumstances such that they are no longer eligible for LIS.)
- **Part C Beneficiary Premium (Field 34)** – This field includes data for members for whom CMS did not receive a new transaction for 2007 that impacted the Part C premium amount. In such instances, CMS used the HPMS data for the Part C premium for 2007. The actual value selected from rates is the Part C Basic Plus Mandatory Supplemental Premium Rate (Net of Rebates). Plans should submit a premium change transaction (transaction type 72) to CMS only if the value in the Part C premium field is incorrect.
- **Part D Beneficiary Premium (Field 35)** – This is the total Part D premium amount net of rebate from the HPMS data.
- **Premium Withhold Option Code (Field 39)** – Values include ‘D’ for direct bill, ‘S’ for SSA withholding and ‘N’ for no premium. The ‘N’ applies if the member is LIS eligible and the total premium is \$0.00.

Any subsequent changes to a member’s LIS status will be reflected in a subsequent LIS bi-weekly report and/or plan notification. For those members who become eligible for LIS in 2007, and who are included on the December 13<sup>th</sup> full enrollment file, the plan must send the required LIS Rider no later than January 31, 2007.

Plans’ responsibilities are summarized in the chart below:

<b>Plan Notification</b>	December 6 <sup>th</sup> Full Enrollment File	December 13 <sup>th</sup> Full Enrollment File	December 13 <sup>th</sup> Full Enrollment File
<b>Affected Population</b>	Members eligible for LIS in 2006, but not in 2007.	Members who qualify for LIS in 2007.	All Members' premium amounts and premium withhold options for 2007
<b>Key Data Elements in Plan Report</b>	Field 24 of full enrollment file	Field 49, 50 and 51 of full enrollment file	Field 34, 35 and 39 of full enrollment file
<b>Action Required by Plan</b>	Plans are encouraged to remind the beneficiary that s/he is no longer eligible for LIS and inform them of the resulting changes in their premiums and copay amounts. (Attachment B)	Plans are required to set the appropriate LICS level and send the LIS Rider no later than January 31, 2007.	Plans must confirm the Part C premium data, and if the amount is not correct, submit a 72 transaction to update the value to the correct amount. If the PBP is also incorrect, plans are required to submit a 71 transaction to correct the PBP and the Part C premium amount. These transactions must be submitted by the payment cutoff currently set for January 12, 2007.

Points of Contact

For **technical** questions pertaining to this notification, please contact:

MMAHelp Desk at 1-800-927-8069 or via email at [mmahelp@cms.hhs.gov](mailto:mmahelp@cms.hhs.gov).

For **policy** questions pertaining to LIS eligibility, please contact:

Jill Gotts [jill.gotts@cms.hhs.gov](mailto:jill.gotts@cms.hhs.gov) 410-786-7794  
 Kay Pokryzwa [katherine.pokrzywa@cms.hhs.gov](mailto:katherine.pokrzywa@cms.hhs.gov) 410-786-5530

Attachments

## Attachment A – File Format

Field	Size	Position	Description
<b>1. Claim Number</b>	<b>12</b>	<b>1 – 12</b>	<b>Claim Account Number</b>
<b>2. Surname</b>	<b>12</b>	<b>13 – 24</b>	<b>Beneficiary Surname</b>
<b>3. First Name</b>	<b>7</b>	<b>25 – 31</b>	<b>Beneficiary Given Name</b>
<b>4. Middle Name</b>	<b>1</b>	<b>32</b>	<b>Beneficiary Middle Initial</b>
<b>5. Sex Code</b>	<b>1</b>	<b>33</b>	<b>Beneficiary Sex Identification Code</b> <b>0 = Unknown</b> <b>1 = Male</b> <b>2 = Female</b>
<b>6. Date of Birth</b>	<b>8</b>	<b>34 – 41</b>	<b>YYYYMMDD Format</b>
7. Medicaid Indicator	1	42	Spaces
<b>8. Contract Number</b>	<b>5</b>	<b>43 – 47</b>	<b>Plan Contract Number</b>
<b>9. State Code</b>	<b>2</b>	<b>48 – 49</b>	<b>Beneficiary State Code</b>
<b>10. County Code</b>	<b>3</b>	<b>50 – 52</b>	<b>Beneficiary County Code</b>
11. Disability Indicator	1	53	Spaces
12. Hospice Indicator	1	54	Spaces
13. Institutional/NHC Indicator	1	55	Spaces
14. ESRD Indicator	1	56	Spaces
<b>15. Transaction Reply Code</b>	<b>3</b>	<b>57 – 59</b>	<b>Transaction Reply Code</b> <b>Defaulted to '999'</b>
<b>16. Transaction Type Code</b>	<b>2</b>	<b>60 – 61</b>	<b>Transaction Type Code</b> <b>Defaulted to '01' for special reports</b>
17. Entitlement Type Code	1	62	Spaces
<b>18. Effective Date</b>	<b>8</b>	<b>63 – 70</b>	<b>YYYYMMDD Format</b>
19. WA Indicator	1	71	<b>Spaces</b>
<b>20. Plan Benefit Package ID</b>	<b>3</b>	<b>72 – 74</b>	<b>PBP number</b>
21. Filler	1	75	Spaces
<b>22. Transaction Date</b>	<b>8</b>	<b>76 – 83</b>	<b>Set to Current Date (YYYYMMDD )</b>
23. Filler	1	84	Spaces
<b>24. Subsidy End Date</b>	<b>12</b>	<b>85 – 96</b>	<b>End date of Low Income Subsidy Period</b> <b>(Present if bene is deemed for the full year, or if the bene is losing Low Income status before the end of 2007.)</b>
25. District Office Code	3	97 – 99	Spaces
26. Filler	8	100 – 107	Spaces
27. Filler	8	108 – 115	Spaces
28. Source ID	5	116 – 120	Spaces
29. Prior Plan Benefit Package ID	3	121 – 123	Spaces
30. Application Date	8	124 – 131	Spaces

Field	Size	Position	Description
31. Filler	2	132 – 133	Spaces
32. Out of Area Flag	1	134 – 134	Spaces
<b>33. Segment Number</b>	<b>3</b>	<b>135 – 137</b>	<b>Default to '000' if blank</b>
<b>34. Part C Beneficiary Premium</b>	<b>8</b>	<b>138 – 145</b>	<b>Part C Premium Amount (The first file with 2007 effective dates will reflect data from HPMS. If the amount is not correct, a 72 transaction should be submitted to update the value to the correct amount.)</b>
<b>35. Part D Beneficiary Premium</b>	<b>8</b>	<b>146 – 153</b>	<b>Part D Premium Amount (This is the 'Part D Total Premium Net of Rebate' from the HPMS file.)</b>
36. Election Type	1	154 – 154	Spaces
<b>37. Enrollment Source</b>	<b>1</b>	<b>155 – 155</b>	<b>A = Auto Enrolled by CMS B = Beneficiary Election C = Facilitated Enrollment by CMS D = CMS Annual Rollover Space = not supplied</b>
38. Part D Opt-Out Flag	1	156 – 156	Spaces
<b>39. Premium Withhold Option/Parts C-D</b>	<b>1</b>	<b>157 – 157</b>	<b>D = Direct Bill S = SSA withhold N = No premium (‘N’ applies if bene is 100% LI Subsidized and the total premium calculates out to \$0.00)</b>
40. Number of Uncovered Months	3	158 – 160	Spaces
41. Creditable Coverage Flag	1	161 – 161	Spaces
42. Employer Subsidy Override Flag	1	162 – 162	Spaces
43. Rx ID	20	163 – 182	Spaces
44. Rx Group	15	183 – 197	Spaces
45. Secondary Drug Insurance Flag	1	198-198	Spaces
46. Secondary Rx ID	20	199 – 218	Spaces
47. Secondary Rx Group	15	219 – 233	Spaces
48. EGHP	1	234 - 234	Spaces
<b>49. Part D Low-Income Premium Subsidy Level</b>	<b>3</b>	<b>235 – 237</b>	<b>Part D low-income premium subsidy category: '000' = No subsidy (default for blank) '025' = 25% subsidy level, '050' = 50% subsidy level, '075' = 75% subsidy level, '100' = 100% subsidy level</b>

Field	Size	Position	Description
<b>50. Low-Income Co-Pay Category</b>	1	238 – 238	Definitions of the co-payment categories: '0' = none, not low-income (default for blank) '1' = \$2.15/\$5.35 (High) '2' = \$1/\$3.10 (Low) '3' = \$0 (0) '4' = 15%
<b>51. Low-Income Co-Pay Effective Date</b>	8	239 - 246	YYYYMMDD Format
52. Part D Late Enrollment Penalty Amount	8	247 - 254	Spaces
53. Part D Late Enrollment Penalty Waived Amount	8	255 - 262	Spaces
54. Part D Late Enrollment Penalty Subsidy Amount	8	263 - 270	Spaces
<b>55. Low-Income Part D Premium Subsidy Amount</b>	8	271- 278	Part D Low Income Premium Subsidy Amount

## **Attachment B -- Model Notice for Beneficiaries Whose Low-Income Subsidy Is Ending at the End of 2006**

(For PDPs, MA-PD Plans, and Cost Plans that offer Part D)

(Note: The marketing material code for this model notice is **7006**. If the organization uses this model notice without modification, CMS will waive the five-day waiting period before the organization can use the notice in the market place).

[Member #-if member # is SSN, only use last 4 digits]

[RxID]

[RxGroup]

[RxBin]

[RxPCM]

<Date>

Dear <Name of Member>:

The Centers for Medicare and Medicaid Services, the federal agency that runs the Medicare Program, has told us that you no longer qualify for extra help with your Medicare prescription drug costs, beginning January 1, 2007. You will continue to be a member of <PDP name>.

**You may still qualify for extra help, but you must apply to find out.** If you haven't already filled out an application for extra help, you can get an application or apply over the phone by calling Social Security at 1-800-772-1213, or apply online at [www.socialsecurity.gov](http://www.socialsecurity.gov) on the web. TTY users should call 1-800-325-0778.

### **How will my monthly premium change?**

*[Note: Plans may describe the grace period for the collection of premiums and cost-sharing for those applying for LIS and awaiting a determination, if applicable.]* If you don't qualify for extra help, you will pay a monthly premium of <insert dollar amount> to <PDP name>. *[Add the following if the member currently has premium withhold option: Because your premium is deducted from your monthly Social Security check, the amount withheld from your check will increase.]*

### **How will my other prescription drug costs change?**

*[Describe plan's cost sharing structure including the deductible, if applicable, for non-LIS members. Plans that are providing a grace period for the collection of premiums and cost-sharing to those who are able to demonstrate that they have applied for LIS should reference that policy here.]*

### **What are my options?**

Staying a member of our plan

Even if you don't qualify for extra help, you will continue to be a member of <PDP name>. You will pay the costs described above for your coverage next year.

### Switching plans

If you no longer qualify for extra help, you will have an opportunity to switch to a different Medicare drug plan starting January 1, 2007, through March 31, 2007. You may want to switch to a different drug plan with costs and coverage for next year that better meet your needs.

- [insert, if applicable: we offer (an)other plan(s) that may lower your prescription drug plan costs]
- Visit [www.medicare.gov](http://www.medicare.gov) on the web or call 1-800-MEDICARE (1-800-633-4227) for more information about Medicare drug plans available in your area. TTY users should call 1-877-486-2048.

### Finding other ways to get help paying for prescription drug costs

Your state may have programs that provide help paying your prescription drug costs. Contact your State Medical Assistance (Medicaid) office for more information. Call 1-800-MEDICARE (1-800-633-4227) or visit [www.medicare.gov](http://www.medicare.gov) on the web for their telephone number. TTY users should call 1-877-486-2048.

If you have any questions, please contact <Customer/Member> Services at <toll-free number><days and hours of operation>. TTY users should call <toll-free TTY number>.

Thank you.