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Date: December 28, 2006

Memorandum to: All Part D Sponsors

Subject: Reporting 2006 Explanation of Benefits (EOB) Data to Beneficiaries after January 2007

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

The following question and answer on the reporting of late 2006 claims data to beneficiaries after January 2007 is available in the Frequently Asked Questions Database on the CMS website at <http://questions.cms.hhs.gov>.

Q: Part D plans will continue to receive 2006 claims after the close of the coverage year due to the submission of late batch or paper claims, coordination of benefits with states and other payers, and the State-to-Plan and Plan-to-Plan reconciliation processes. During the coverage year, this information is reported to beneficiaries in the monthly EOBs, but how should late 2006 drug claim information be reported in 2007?

A: After the January 2007 EOBs (which will be the “closeout” reports for 2006 coverage year) are mailed, EOBs should reflect only 2007 data. We believe the inclusion of data for more than the current coverage year would be confusing for beneficiaries. Therefore, beginning with the EOB mailed in February 2007, EOBs should report data for only the 2007 coverage year. Information relating to separate coverage years should not be commingled in the monthly EOB.

However, following the January 2007 EOB mailing, Part D plans should make information reflecting any late claims transactions and resulting updated balances from the 2006 coverage year available to beneficiaries in writing upon request. The process used for making the updated 2006 data available will be determined by the plan and could include such options as automatically sending a separate 2006 EOB update, or responding to a request from a beneficiary or authorized representative. The plan’s response to a beneficiary request may be made either verbally or in writing, at the beneficiary’s discretion.