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DATE: November 9, 2006

TO: All Prescription Drug Plans, Medicare Advantage Organizations and Section 1876 Cost Plan Sponsors

FROM: Brenda Tranchida
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Employer Policy and Operations Group

SUBJECT: Information Concerning 2007 Employer Group Enrollment/Disenrollment Transactions

This memorandum provides you with information regarding the submission of 2007 employer group enrollment/disenrollment transactions.

1) 2007 Premium Entry on Enrollment/Disenrollment Transactions

Employer/union-only group waiver plans (EGWPs) (i.e., employer/union Direct Contract plans and “800 series” plans) have the flexibility to vary the premium charged to individual employers and unions. Plans may negotiate separate premiums with individual employers/unions and may charge premiums higher or lower than the premium calculated from their bids. Because of these differences from individual plans and to avoid Transaction Reply Codes “181” or “182” for these kinds of enrollments, please enter the following amounts in the enrollment/disenrollment transaction file fields identified in the Medicare Advantage and Prescription Drug Plans - Plan Communications Users Guide (Appendix E.7):

Item 19 - Part C Premium Amount: Amount shown on the Benefit Attestation in HPMS

Item 20 - Part D Premium Amount: \$27.40 (2007 Base Beneficiary Premium rounded to nearest \$.10)

2) Requirement to Set “EGHP” Flag for All Employer Group Enrollments (Includes Enrollments into Individual Plans)

The EGHP (Employer Group Health Plan) Flag field must be set to “Y” when submitting enrollment transactions for any beneficiary who is a member of an employer or union group (this includes Direct Contract, “800 series” and individual plan enrollments). This flag should be set to “Y” for all enrollment transaction codes (including type 60, 61, 71 and 72 transactions). This designation is especially important when employer group

members are enrolled in individual plans to differentiate them from individual beneficiaries. For more details, *see Medicare Advantage and Prescription Drug Plans - Plan Communications User's Guide and Appendices* at:

http://www.cms.hhs.gov/MedicareMangCareSys/Downloads/PCUGv1.5_9.18.06-updated.pdf and

http://www.cms.hhs.gov/MedicareMangCareSys/Downloads/PCUG_Appendicesv15-92706-final.pdf

If you have any questions regarding this memorandum, please contact Julian Nadolny at 410-786-2274 or at Julian.Nadolny@cms.hhs.gov.