



CENTER FOR BENEFICIARY CHOICES

DATE: January 26, 2007

TO: All Medicare Advantage Organizations, Prescription Drug Plans, Cost Plans, PACE Organizations and Demonstrations

FROM: Abby L. Block, Director
Center for Beneficiary Choices

SUBJECT: December 2006 Premium Withhold Cleanups

Overview

As part of an end-of-the-year cleanup process, CMS has compared data from the MARx system against the Social Security Administration’s (SSA) premium withhold files to validate aggregate amounts withheld for each beneficiary in coverage year 2006. This process was completed to ensure that beneficiaries have been having the appropriate premium amounts withheld to date. Errors have been discovered for approximately 130,000 beneficiaries that will be receiving letters from CMS discussed in more detail below. Additional cleanups and a beneficiary level reconciliation will be described in forthcoming guidance. The following table describes the results of this analysis and the subsequent actions taken by CMS.

Results of 2006 end-of-year premium withhold analysis

Description of issue	CMS actions
<p>1) Beneficiaries are in premium withhold with both CMS and SSA. SSA withheld less than CMS expected. The discrepancy between the expected and the actual amount of withholding triggered a payment edit whereby plans did not receive withheld amounts for months that were in error.</p>	<p>Beneficiaries that should have had an additional \$200 or less withheld will be reconciled in the February 2007 Social Security payments. This additional withholding should be included in the March monthly plan payment. The February withholding will include both the normal monthly amount and the additional \$200 or less.</p>
<p>2) CMS has the beneficiary in premium withhold status, but SSA has no record of the beneficiary being in premium withhold status.</p>	<p>a) For some of these beneficiaries, the amount owed is less than or equal to \$200. In these cases reconciliation will take place in the February 2007 Social Security payments. b) The rest owe more than an additional \$200. These beneficiaries will be retroactively put in direct bill status for 2006 premiums. The plan will then bill for the whole amount for 2006. Their withhold status for 2007 will not change.</p>
<p>3) More than the appropriate amount was withheld from a beneficiary’s Social Security benefit. This triggered the same plan payment edit described above.</p>	<p>All of these beneficiaries were sent to SSA during the last open window. They will receive refunds from SSA for the excess premiums withheld. This refund is expected to be in the January Social Security payment.</p>

Premium policy

Medicare regulation at 42 CFR §423.293, directs both PDPs and MA-PDs to follow the premium collection rules established for the Medicare Advantage (MA) program for their Part D premiums. The MA rule in 42 CFR §422.262(e) requires plans to allow beneficiaries to pay premiums on a monthly basis. As noted in previous guidance (e.g. Q&A ID#5568) nothing in this requirement prohibits plans from offering other options to beneficiaries, but the beneficiary would have to make that choice. For the members that you will be direct billing for the entire amount of 2006 premiums, it is critical that you use this discretionary authority to establish special billing plans that work best for these members.

Member level report

CMS will issue additional guidance providing details on member level reports and instructing plans on next steps.

Instructions for member communications

We are providing the language used in our letters to our beneficiaries. Consider this model language that you can use to inform your members of the issue. Plans should add their customer service contact information to these letters. For members that are being retroactively set to direct bill status, plans should also add their direct billing policies and procedures. Plans following these instructions and using the attached letter language will receive an automatic waiver from the normal review process for plan-to-beneficiary communications. The customer service representative (CSR) scripts used by 1-800-MEDICARE are attached. Plans should feel free to use these scripts for their own CSRs.

CMS contacts

If you have any questions about the information contained in this memo, you may contact your central office representative on the attached list.

cc: Mr. James Kerr, CMS
Mr. Thomas E. Hutchinson, CMS
Mr. David Lewis, CMS
Ms. Cynthia Tudor, CMS
Ms. Marla Kilbourne, CMS
Ms. Julie Boughn, CMS
RO HMO Coordinators

**ATTACHMENT A
MODEL LETTERS**

Note: This letter is in reference to issues #1 and 2a in the table above.

CMS Pub. No. 11287

Dear <Name>:

This letter is in reference to your Medicare premiums and your request to have them withheld from your Social Security payment. Please be assured that you still have your Medicare health care and drug coverage.

We have been unable to correctly process your request for a premium withhold for 2006. For one or more months in 2006, either no premiums were withheld or less than the full amount of your premiums were withheld from your Social Security payment. As a result, your Medicare health plan or prescription drug plan may not have received full and accurate premium payments. To correct the situation, an amount that will not exceed \$200 will be withheld from your February Social Security payment. This will be in addition to any outstanding 2007 premiums that you owe.

Beginning in March 2007 and going forward, if you continued your request to have premiums withheld in 2007, only the accurate monthly plan premium for 2007 will be withheld from your Social Security payment. Please note that this amount will be the 2007 premium and may be higher than the premium amount for 2006.

Thank you for your attention to this matter. Please accept our sincere apologies for any inconvenience. If you have any questions, please **telephone us toll free at 1-800-MEDICARE (1-800-633-4227)**. TTY users should call 1-877-486-2048.

Para obtener una copia de este aviso en español, llame GRATIS al 1-800-MEDICARE (1-800-633-4227). Los usuarios de TTY deben llamar al 1-877-486-2048.

Note: This letter is in reference to issue #2b in the table above.

CMS Pub. No. 11288

Dear <Name>:

This letter is in reference to your Medicare premiums and your request to have them withheld from your Social Security payment. Please be assured that you still have your Medicare health care and drug coverage.

We have been unable to correctly process your request for a premium withhold for 2006. Premium amounts were not withheld from your Social Security payment for one or more months during 2006. As a result, your Medicare health plan or prescription drug plan may not have received full and accurate premium payments. You may have already been billed by your plan. If you have not, please contact your plan to arrange for the appropriate payment of your monthly premiums. Your plan may have sent you a letter with special contact information for this matter. If they have, please follow the instructions given in the letter.

If you continued your request to have premiums withheld in 2007, your January and February premium amounts will be withheld in February. Beginning in March 2007 and going forward, only the accurate monthly plan premium will be withheld from your Social Security payment. Please note that this amount will be the 2007 premium and may be higher than the premium amount for 2006.

Thank you for your attention to this matter. Please accept our sincere apologies for any inconvenience. If you have any questions, please **telephone us toll free at 1-800-MEDICARE (1-800-633-4227)**. TTY users should call 1-877-486-2048. Para obtener una copia de este aviso en español, llame GRATIS al 1-800-MEDICARE (1-800-633-4227). Los usuarios de TTY deben llamar al 1-877-486-2048.

Note: This letter is in reference to issue #3 in the table above.

CMS Pub. No. 11289

Dear <Name>:

This letter is in reference to your Medicare premiums and your request to have them withheld from your Social Security payment. Please be assured that you still have your Medicare health care and drug coverage.

We have been unable to correctly process your request for a premium withhold for 2006. For one or more months in 2006, we withheld more than you owed in premiums. As a result, you will receive a refund of the overpaid premiums from Social Security in January.

If you continued your request to have premiums withheld in 2007, beginning in January and going forward, the correct premium amount will be withheld from your Social Security payment. Please note that this amount will be the 2007 premium and may be higher than the premium amount for 2006.

Thank you for your attention to this matter. Please accept our sincere apologies for any inconvenience. If you have any questions, please **telephone us toll free at 1-800-MEDICARE (1-800-633-4227)**. TTY users should call 1-877-486-2048.
Para obtener una copia de este aviso en español, llame GRATIS al 1-800-MEDICARE (1-800-633-4227). Los usuarios de TTY deben llamar al 1-877-486-2048.

ATTACHMENT B
1-800-MEDICARE CSR SCRIPTS

Note: This is group #1 in the table above and CMS letter publication number 11287.

As a result of a data processing error, you had an inaccurate premium amount withheld from your Social Security benefits for one or more months during 2006. As a result, your Medicare health plan or prescription drug plan may not have received full and accurate premium payments for 2006.

Please be assured that this does not affect your Medicare health and/or drug coverage. CMS is working to correct the premium withholding from your Social Security payment. To correct the situation, an additional amount that will not exceed \$200 will be withheld from the Social Security payment you receive in February.

We will continue to withhold premiums from your monthly Social Security payment unless you notified your plan that you would prefer to be billed directly. If you continued to elect to have your premiums withheld from your Social Security payment for 2007, your February premium will also be deducted from your February Social Security payment. In March 2007, your premium deductions will return to normal with one month's premium withheld (for your 2007 plan). This withholding amount may be higher than the premium amount in 2006 because the deduction will now be for 2007 premium amounts.

Note: This is group #2a in the table above and CMS letter publication number 11287.

As a result of a data processing error, we have been unable to process your request for direct premium withhold in 2006. As a result, your Medicare health plan or prescription drug plan may not have received full and accurate premium payments for 2006.

Please be assured that this does not affect your Medicare health and/or drug coverage. CMS is working to correct the premium withholding from your Social Security payment. In February, the automatic premium withholding from your Social Security payment will include a deduction for the premiums owed to your plan for 2006. The additional amount for your 2006 premiums will not exceed \$200.

We will continue to withhold premiums from your monthly Social Security payment unless you notified your plan that you would prefer to be billed directly. If you stayed in automatic premium withholding for 2007, your February payment will also include a deduction for January and February 2007. In March 2007 and continuing, your premium deductions will return to normal with one month's premium withheld (for your 2007 plan). This withholding amount may be higher than the premium amount in 2006 because the deduction will now be for 2007 premium amounts.

Note: This is group 2b in the table above and letter publication number 11288.

As a result of a data processing error, we were unable to process your request for direct premium withhold in 2006. As a result, your Medicare health plan or prescription drug plan may not have received full and accurate premium payments for 2006.

Please be assured that this does not affect your Medicare health and/or drug coverage. You will need to pay your plan directly for the premiums that you owed in 2006. Your plan may have already billed you directly for the premiums owed. If you have not received a bill, please contact your plan to arrange a payment plan for the premiums due.

If you choose withholding for 2007, your withholding will begin with your February 2007 Social Security payment, and you will see a deduction for your January and February 2007 premiums. This amount may be higher than the premium amount in 2006 because the deduction will now be for 2007 premium amounts. In March 2007, your premium deductions will return to normal with one month's premium withheld (for your 2007 plan).

Note: This is group 3 in the table above and letter publication number 11289.

As a result of a data processing error, additional premium amounts were withheld from your Social Security payments in 2006. You will receive a refund in January 2007 from the Social Security Administration for the excess premiums withheld in 2006.

Please be assured that this does not affect your Medicare health and/or drug coverage. We will continue to withhold premiums from your monthly Social Security payment unless you notified your plan that you would prefer to be billed directly. If you choose withholding for 2007, the correct 2007 premium amount will be withheld from your January Social Security payment. This amount may be higher than the premium amount in 2006 because the deduction will now be for 2007 premium amounts.

**ATTACHMENT C
CENTRAL OFFICE CONTACT LIST**

Boston and
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PACE and
Demos

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