

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



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**DATE:** June 12, 2007

**TO:** All Part D Plan Sponsors, Medicare Advantage Organizations and Cost Plans

**FROM:** Anthony Culotta, Director  
Medicare Enrollment and Appeals Group

**SUBJECT:** Release of Operational Guidance on Creditable Coverage Period Determinations, the Late Enrollment Penalty, and Late Enrollment Penalty Reconsiderations

The Centers for Medicare & Medicaid Services (CMS) is releasing the attached operational guidance on creditable coverage period determinations, the late enrollment penalty, and late enrollment penalty reconsiderations.

Guidance on creditable coverage period determinations and the late enrollment penalty will constitute Chapter 4 of the Medicare Prescription Drug Benefit Manual, and will be available on CMS' website at: <http://www.cms.hhs.gov/MedicarePresDrugEligEnrol/>. Chapter 4 describes the plan's responsibilities in making creditable coverage period determinations, reporting creditable coverage information to CMS, and billing and collecting the late enrollment penalty.

We have also attached a new Section 80.7.1 of Chapter 18, along with Appendices 14 and 15, which describe the plan's role in the late enrollment penalty reconsideration process. A revised version of Chapter 18 reflecting this new material will be available on the Medicare Prescription Drug Appeals and Grievances Page of the CMS website at [http://www.cms.hhs.gov/MedPrescriptDrugApplGriev/11\\_Guidance.asp](http://www.cms.hhs.gov/MedPrescriptDrugApplGriev/11_Guidance.asp).

As the instructions explain, plans are expected to implement these procedures for new enrollments received on or after August 1, 2007. Reporting on applicable current enrollees should be completed by October 1, 2007. However, plans are permitted to implement any/all of the guidance changes prior to this date.

If you have any questions about Chapter 4, please contact Tamara Jackson-Douglas at (410) 786-9417. Questions about the new section of Chapter 18 should be directed to Stephanie Simons at (206) 615-2420.