

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
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**CENTER FOR BENEFICIARY CHOICES**

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**DATE:** May 25, 2007

**TO:** All Medicare Advantage, Prescription Drug Plan, Cost, PACE, and Demonstration Organizations Systems Staff

**FROM:** Thomas Hutchinson  
Director, Medicare Plan Payment Group

**SUBJECT: Special TRR Communication – LIS Premium Profile Cleanup**

CMS executed several MARx system cleanups in April 2007 and early May 2007 that affected the 2006 and 2007 premium profile for some low income subsidy (LIS) Medicare beneficiaries. Four LIS-related fields in the MARx Premium Profile were updated as a result of these cleanups. The four fields are: LIS Percentage, LIS Amount, Total Premium Amount, and Withholding Option. These cleanups update LIS and premium information only. Enrollment and low-income cost sharing data are not impacted.

The cleanups that were executed selected the most current LIS subsidy copay level for the appropriate number of member months (January through December 2006 and January through December 2007). A subsequent cleanup made adjustments for members that showed more than one LIS subsidy copay level for 2007. For these members the periods and LIS subsidy copay level were corrected and will appear on a special Transaction Reply Report (TRR).

**Changes that Affect 2006 and 2007 Member Months:**

CMS released a special TRR on May 25, 2007 to each Plan with affected members. Updated LIS values for LIS Percentage, LIS Amount, Total Premium Amount, and Withholding Option will appear on the special TRR. No new fields will appear on this TRR. The special TRR will reflect members who were not included in normal system processing for February 2007 and March 2007.

**NOTE:** As the cleanups were run in April and May 2007, the Bi-Weekly LIS Report was updated accordingly.

Plans should expect to receive a combination of the following Transaction Reply Codes (TRCs) for updates to member LIS premium profiles:

- TRC167 will be generated if either the LIS Percentage and/or the LIS Amount is updated;

- TRC119 will be generated if the Total Premium Amount is updated;
- TRC120 will be generated if the premium Withholding Option is updated.

The following scenarios illustrate the types of changes that were made as a result of these system actions:

| <b>Scenario 1: LIS copay level increased and the member is refunded one or more months of premiums from SSA.</b>   |                             |                      |
|--|-----------------------------|----------------------|
| <b>Field Description</b>   | <b>Before Cleanup</b>       | <b>After Cleanup</b> |
| Effective start date   | 1/1/2007                    | 1/1/2007             |
| LIS Percentage   | 0%                          | 100%                 |
| LIS Subsidy Amount   | \$0                         | \$20                 |
| Withholding Option   | S (in SSA premium withhold) | N (no premium)       |
| Member Impact  | \$20/month paid             | \$20/month refunded  |
| <p><b>Net Result:</b> The beneficiary is due a refund for each month that SSA deducted funds from their check, effective 1/1/2007. The beneficiary's premium withholding option was changed from S to N because the beneficiary no longer owes a premium. The Plan will receive TRC167, TRC119, and TRC120.</p> <p><b>NOTE: Changes that affect 2006 premium payments for members that were in premium withhold will be addressed during the 2006 premium withhold reconciliation.</b></p> |                             |                      |

| <b>Scenario 2: LIS copay level increased and the member is refunded one or more months of premiums from the Plan.</b>  |                       |                      |
|--|-----------------------|----------------------|
| <b>Field Description</b>   | <b>Before Cleanup</b> | <b>After Cleanup</b> |
| Effective start date   | 1/1/2007              | 1/1/2007             |
| LIS Percentage   | 0%                    | 100%                 |
| LIS Subsidy Amount   | \$0                   | \$20                 |
| Withholding Option   | D (direct bill)       | N (no premium)       |
| Member Impact  | \$20/month paid       | \$20/month refunded  |
| <p><b>Net Result:</b> The beneficiary is due a refund for each month that the plan collected premium payments, effective 1/1/2007. The beneficiary's premium withholding option was changed from D to N because the beneficiary no longer owes a monthly premium. The Plan will receive TRC167, TRC119, and TRC120. The Plan will be responsible for refunding this money to the member.</p> |                       |                      |

| <b>Scenario 3: LIS copay level was reduced and the member owes one or more months of premiums.</b>  |                       |                      |
|---|-----------------------|----------------------|
| <b>Field Description</b>  | <b>Before Cleanup</b> | <b>After Cleanup</b> |
| Effective start date  | 1/1/2007              | 1/1/2007             |
| LIS Percentage  | 100%                  | 75%                  |
| LIS Subsidy Amount  | \$20                  | \$15                 |
| Withholding Option  | N (no premium)        | D (direct bill)      |
| Member Impact   | \$0                   | \$5/month            |
| <b>Net Result:</b> The beneficiary has been changed to Direct Bill and owes the Plan money. The Plan will receive TRC167, TRC119, and TRC120. CMS recognizes that this is a particularly vulnerable population and in some cases the amounts owed are not enough to justify the cost of collection. CMS is exploring additional flexibility for plans when dealing with this type of situation. |                       |                      |

| <b>Scenario 4: LIS copay level changed but there was no change to the amount the Plan received.</b>    |                       |                      |
|--|-----------------------|----------------------|
| <b>Field Description</b>   | <b>Before Cleanup</b> | <b>After Cleanup</b> |
| Effective start date   | 1/1/2007              | 1/1/2007             |
| LIS Percentage   | 0%                    | 100%                 |
| LIS Subsidy Amount   | \$20                  | \$20                 |
| Withholding Option   | N (no premium)        | N (no premium)       |
| Member Impact  | None                  | None                 |
| <b>Net Result:</b> There is no change and no impact to the member. The Plan will receive TRC 167 only. |                       |                      |

A subsequent plan payment cleanup will be executed as a result of LIS cleanups.

Please direct issues or concerns about the special TRR to the MMA Help Desk at mmahelp@cms.hhs.gov or 1-800-927-8069. For all other questions or comments please contact Mark Newsom at 410-786-3198 [mark.newsom@cms.hhs.gov](mailto:mark.newsom@cms.hhs.gov) or Bobbie Knickman at 410-786-4161 [bobbie.knickman@cms.hhs.gov](mailto:bobbie.knickman@cms.hhs.gov).