



CMA WEEKLY ALERT – OCTOBER 27, 2005

CMS' EFFORTS TO CORRECT THE *MEDICARE & YOU* HANDBOOK

The Centers for Medicare & Medicaid Services (CMS) has announced its action plan for correcting the misinformation in the *Medicare & You* Handbook concerning plan premiums for people eligible for the full low-income subsidy to assist with Part D prescription drug costs. The Handbook, which was mailed to every Medicare beneficiary, indicates in the last column of the Prescription Drug Plan (PDP) comparison charts starting on Page 97-A that the full premium will be covered *for every PDP in the region* if someone qualifies for “Extra Help.” In reality, the full premium is covered *only if* the person is eligible for the full low-income subsidy *and* if he or she enrolls in certain plans with premiums at or below the benchmark (average amount) for the region.

The number of such plans is more limited than originally anticipated. CMS has recently advised state health insurance assistance programs (SHIPs) and others that full premium assistance will only be available for plans offering basic benefits. People eligible for the full subsidy will have to pay the difference between the premium for a plan offering basic benefits and a plan offering enhanced benefits, even if the premium for the enhanced plan is below the regional benchmark. Regional versions of the *Medicare & You* Handbook available at www.medicare.gov have now been corrected to indicate that the full premium will be *covered only for plans offering basic coverage with premiums at or below the benchmark*.

The corrected Handbooks still do not explain clearly how the premium subsidy works. They do not clarify that people who are eligible for the partial low-income subsidy will always pay a part of the premium even if they enroll in a basic plan with a benchmark premium. The column in question on the comparison pages still says, “If I Qualify for Extra Help, will My Full Premium be Covered?” without differentiating between the two categories of “extra help.”

Further, the corrected Handbooks include other incorrect information. For example, the Handbook on page 58 includes people on Medicare Savings Programs (MSPs) (QMBs, SLMBs, QIs) among those who can only switch plans once before December 31, 2006. CMS indicated at the end of August that this population can change monthly like those who are dually eligible for Medicare and Medicaid (duals).

CMS has also modified the auto-enrollment letter it has started to send to duals. The letter advises duals to call 1-800-Medicare for a list of PDPs with no premium. The Question and Answer sheet that accompanies the letter indicates that there may be plans for which the dual has to pay a premium and to ask about premiums when comparing plans. A similar letter will be sent to people for whom CMS facilitates enrollment in the spring. The letter SSA is sending to

tell people that they qualify for full “extra help” also advises beneficiaries to visit the CMS web site or to call 1-800-Medicare for a list of PDPs with no premium in their area.

The modified script for the customer service representatives (CSRs) who answer the 1-800-Medicare hot line addresses only a direct question about the charts in the Handbook, however. CSRs are advised, when asked whether the charts in the Handbook are true, to explain that there is an error and to inform the caller to check with the plan in which the person is interested to determine whether or not s/he will have to pay a premium. The script indicates the CSR will provide premium information only if the person asks about a specific plan. Otherwise, the person will be told to use the Internet, to call the individual plans, or to “use personalized counseling in your local community” to get premium information. The script does not advise the CSR to print out and mail to a caller the corrected Handbook pages.

CMS has also advised PDPs that they must explain about premiums if someone calls about the plan and must include premium information in pre-enrollment materials. In addition, plans will be required to modify their confirmation of enrollment notices to tell beneficiaries who qualify for the full low-income subsidy that they have chosen a plan for which they will have to pay a portion of the premium, and that other plans are available for which they would not have to pay any premium.

Individuals who enroll in a plan for which they will have to pay a portion of the premium may change plans before the effective date of their enrollment and not incur any premium liability. They may change plans once until May 15, 2006, during the remainder of the Annual Enrollment Period, and possibly through June 30, 2006 if they are eligible for the Open Enrollment Period for Medicare Advantage plans. Additionally, duals have a special enrollment period (SEP) that allows them to change plans each month. CMS also indicates that individuals who enroll in a plan in which they have premium liability may qualify for a SEP to change plans. CMS plans to send a separate notice to beneficiaries advising them of opportunities to change plans.

CMS wants to encourage plans to inform subsidy-qualifying beneficiaries of their premium liability and of other plans for which they will pay no premium. In this regard, CMS plans to notify plans that they may not waive any premiums owed, in whole or in part, for subsidy-eligible individuals, and that they must make an effort to collect the premium from all beneficiaries. In addition, CMS may take corrective action or sanction plans if it determines a pattern of enrolling subsidy-eligible individuals into plans for which they will have to pay a premium or of waiving premiums owed.

Late on Wednesday, the Senate approved by voice vote an amendment, offered by Senator Dayton of Minnesota, to the Department of Health and Human Services appropriations bill. The amendment provides additional funding for CMS to send corrected Handbooks to Medicare beneficiaries. The House of Representatives has not passed such a provision.

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