DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTERS for MEDICARE & MEDICAID SERVICES

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DATE: June 11, 2010

TO: All Part D Sponsors

FROM: Cynthia G. Tudor, Ph.D., Director, Medicare Drug Benefit and C & D Data Group

SUBJECT: Final CY 2011 Model Explanation of Benefits (EOB)

On March 11, 2010, CMS released the draft CY 2011 Model Explanation of Benefits (EOB) and requested comments on this draft from industry and advocacy groups. The final CY 2011 Model EOB is attached.

The majority of the comments focused on redundancy within the document, and the need to streamline the structure and text of the document. We agreed with some of these comments and revised the final EOB accordingly. If we did not make the change, it was because the requested change would likely place a cognitive burden on the beneficiary which would be contrary to our intended goal of a beneficiary-friendly document. For example, embedded definitions and explanations of concepts into the text, in lieu of a glossary, make it easier for people to read and understand the information. It reduces the possibility that people will guess at, or misinterpret, the meaning of terms.

Below is a summary of changes to the final CY 2011 EOB:

General Instructions

- Clarified what plans should do in the event of prior year transactions or fills. We instructed the plan that when prior year fills or transactions do not apply to the current year EOB (i.e., do not adjust the current year gross drug spend or TrOOP) the plan does not need to include these fills/transactions as part of the EOB and does not require a separate EOB.

- Clarified how the sponsor should complete sections 1 and 3 regarding automatic TrOOP balance transfers and their impact on the gross drug costs and out-of-pocket costs.

Cover Page

- Provided plans the option to format the coverage page in portrait orientation. This will address the concerns sponsors had regarding the position of the address window and member identification number. The rest of the EOB will remain formatted in landscape orientation.

Section 1 - Your prescriptions during the past month

- Required that plans add name of pharmacy only when it is known.

- Removed the language about what stage the beneficiary enters based on the latest prescription fill. We removed this language because the stage is already shown in Section 2 and movement from one stage to another may not be the result of filling a single prescription. Retroactive claims and adjustments may also cause a beneficiary to move from one stage to another.

- Added text in the "Other payments" column regarding the Medicare Coverage Gap Discount Program.

Section 2 - Which drug payment stage are you in?

- Retained all stages in section 2 intact, even when the beneficiary has full coverage in the coverage gap or the beneficiary is eligible for LIS. When a member's benefit does not apply to a specific stage, the plan is instructed to add a note to the stage to explain why this stage does not apply to the member.

- Added further instructions and an example for when the deductible stage only applies to a certain set of drugs (e.g., brand name drugs/particular tier).

Section 3 – Your "out-of-pocket costs" and "total drug costs"

- Included a note for automatic TrOOP balance transfer totals in this section. This note will remain in this section until the end of the calendar year.

- Retained the total drug costs/out-of-pocket summary will remain as section 3. Some commenter's recommended that the summary section be brief and at the front of the EOB. However, we found during consumer testing that consumers focused on ensuring the prescriptions listed during the past month were most interested in the monthly prescription fill information, not the totals.

Section 4 - Updates to the plan's Drug List that will affect drugs you take.

- Clarified that formulary changes (60-day notice) as specified in section 4 would be beneficiary-specific. That is, only prescriptions filled by the member would be listed in this section. We will require this section remain intact even if there is no change to the

beneficiary's drug coverage. Announcing all formulary changes (regardless of what medication the beneficiary is taking) would only confuse the beneficiary, add to the length of the EOB, and interfere with our goal of a simplified EOB.

Section 5 - If you see mistakes on this summary or have questions, what should you do?

- Removed the word "cheat" from this section..

The final EOB remains an easy-to-read and comprehensive document that the Medicare beneficiary can use to fully understand their monthly prescription drug benefits. We appreciate industry and advocates taking the time to critique this document and look forward to further opportunities to improve upon the EOB. If you have questions regarding the CY 2011 final EOB, please contact Christine Hinds at christine.hinds@cms.gov or (410)786-4578. Specific marketing questions should be directed to Ronke Fabayo at ronke.fabayo1@cms.gov or (410)786-4460.