

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

TO: All Part D Sponsors

FROM: Cynthia Tudor, Ph.D., Director, Medicare Drug Benefit Group

RE: Update on the 2008 Model Explanation of Benefits

DATE: February 1, 2008

On September 25, 2007, CMS issued a new model explanation of benefits (EOB) for sponsors to use in creating the EOBs that communicate benefit and formulary change information to enrollees who used the Part D benefits during the prior month. In the memorandum that accompanied the revised model EOB, we stated that Part D sponsors are not expected to implement the new model until after July 1, 2008, given the programming that will be required for sponsors to reflect the changes associated with the new EOB model. Accordingly, given the July 1, 2008 mid-year implementation deadline, we would not expect enrollees to receive their first new EOBs until August 2008. However, sponsors may at their option implement the new EOB model prior to August 2008.

We have made one minor revision to the model EOB since its release on September 25, 2007. We previously required sponsors to insert the names of the previous plans from which TrOOP balance transfers had been received by a beneficiary's current plan. However, we have learned that the Financial Information Reporting (FIR) transaction does not provide this level of detail, particularly when there is more than one previous plan involved. Accordingly, we have modified the model's language to refer to previous plans generically, rather than specifically. The revised model is attached.

We appreciate the production issues associated with mailing EOBs to enrollees with Part D activity during a particular month. Although our regulations at 42 CFR 423.128(e)(6) specify that an EOB must be provided "during" any month when prescription drug benefits are provided to a member, we clarify that we will take no enforcement action against a sponsor unless an EOB is issued to enrollees later than the end of the month following the month in which the enrollee utilized his/her prescription drug benefits. Thus, for example, an enrollee with Part D claims in the month of August would receive an EOB for those August claims no later than the end of September. We revised the instructions in the model to no longer require that the EOB be sent within 15 days of the month following month in which the enrollee utilized his/her benefits.

Because the new model EOB will be implemented mid-year, it is important that enrollees be alerted to the changes in the way their year-to-date benefits and formulary change information will be presented going forward. We expect sponsors to attach a cover letter to the first EOB in the new format that is sent to enrollees. Attached to this memorandum is a model cover letter sponsors can use for this purpose.

If you have any questions concerning this memorandum, please contact Vanessa Duran via email at vanessa.duran@cms.hhs.gov or by phone at 410-786-8697.