

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

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**DATE:** September 05, 2006

**TO:** All Medicare Advantage Organizations, Prescription Drug Plans, Cost Plans, PACE Organizations and Demonstrations

**FROM:** Abby L. Block, Director  
Center for Beneficiary Choices

**SUBJECT: Status of Premium Withhold Clean-ups – INFORMATION**

This letter provides you with an update on problems relating to both the erroneous withholding of the Part C and D premiums and the reduction of the Part B premium. Please share the information in this letter with your Customer Service Departments and other agents or brokers you contract with. Currently, about 65% of the premium issues have been resolved. We expect that the remaining cases will be corrected by the end of September.

Part B Premiums Not Being Reduced

Beneficiaries who join specified managed care plans can have the benefit of reduced Part B premiums. This benefit will either partially or completely pay their monthly Part B premium. When CMS receives enrollment transactions for such members, it transmits this information to SSA to reduce the amount of the Part B premiums deducted from monthly checks. This causes such members' checks to be increased by the amount that the plan is covering the premium.

In some cases, Part B premiums are not being reduced and the members are enrolled in a plan that offers this benefit. These cases were sent to SSA by the end of August. Members will receive refunds by the end of September for the months that their Part B premiums should have been reduced. The reductions will continue on the October and subsequent Social Security checks.

Part C/D Premium Withholding Not Being Stopped

Beneficiaries can elect to have their plan premiums withheld from their monthly Social Security checks. When CMS receives such requests from plans, it transmits this information to SSA to deduct the premiums. This causes the members' checks to be reduced by the amount of the plan's premiums. When a beneficiary disenrolls from a plan, the premium deductions stop. When a beneficiary disenrolls from one plan and enrolls in another plan and again elects withhold, the premium deductions stop for the 1<sup>st</sup> plan and begin for the 2<sup>nd</sup> plan.

In some cases, premiums continue to be withheld after disenrollment or after members have requested that you change their payment option to direct bill. These cases were sent to SSA by the end of August to stop the deductions.

If the member did not enroll in another plan, the member will receive a refund by the end of September and no more premiums will be withheld from the monthly Social Security check. The plan will see premiums taken back for the months after the disenrollment on the monthly premium withhold extract report (MPWE).

If the member enrolled in another plan and again elected withhold, the beneficiary will receive a refund or have premiums withheld depending on the results of netting the refund (per disenrollment from the 1<sup>st</sup> plan) and the premiums (per enrollment in the 2<sup>nd</sup> plan). The 1<sup>st</sup> plan will see the offset of premiums on the MPWE and the 2<sup>nd</sup> plan will see the premium payments on the MPWE.

#### Part C/D Premiums Not Being Withheld

Beneficiaries can elect to have their plan premiums withheld from their monthly Social Security checks. When CMS receives such requests from plans, it transmits this information to SSA to deduct the premiums. This causes the members' checks to be reduced by the amount of the plan's premiums.

In some cases, premiums are not being withheld from Social Security checks. These cases were sent to SSA by the end of August. Premiums will begin to be withheld in the October Social Security checks. Plans will see the premium payments on their November 1 MPWE.

If insufficient funds are available for withholding to occur, CMS will notify the plan to directly bill the member on a re-payment schedule. The plan will be notified by a reply code of 144.

If the member still wants premiums deducted, the plan can request this on his or her behalf, but the start date cannot be more than 2 months prior to the current month. (This policy is in effect to limit financial impacts to beneficiaries.)

#### Part C/D Premiums Being Withheld, but not Being Passed on to the Plans

Beneficiaries can elect to have their plan premiums withheld from their monthly Social Security checks. When CMS receives such requests from plans, it transmits this information to SSA to deduct the premiums. This causes such members' checks to be reduced by the amount of the plan's premiums.

In some cases, premiums are being withheld from Social Security checks, but you have not received them. This is because there are data issues associated with the amount of the premiums that SSA has withheld. CMS sent transactions to SSA to change the member's premium payment option to direct bill by the end of August. The member will receive a refund by the end of September of the premiums withheld to date. The member will use the refunded premiums to pay the plan. The plan will be notified by a transaction reply code of

144. If the member wants to again request premium withhold, the plan can request this on his or her behalf, but the start date cannot be more than 2 months prior to the current month.

Full Part D Premiums are Being Withheld for LIS Beneficiaries

Beneficiaries that are determined to be eligible for a low-income subsidy (LIS) to be applied to their Part D premiums, pay a reduced premium or no premium. CMS transmits this information to SSA reducing the amount of the premiums deducted resulting in an increase to the beneficiaries' monthly checks.

In some cases, full Part D premiums are being deducted from Social Security checks. These cases will be included in the information sent to SSA by the end of August. Members will receive refunds of overpaid premiums by the end of September. The corrected subsidized premium amounts, if any remain, will be deducted beginning with the October Social Security checks. The plans will see an offset of the paid premiums on their MPWE and a repayment of these premiums as the low-income premium subsidy on the monthly membership report.

CMS requests plans to work with their members to arrange payment plans if necessary in the case of multiple premiums due to the plan as a result of premium refunds to the beneficiary as a result of these clean ups. If you have any questions about the information contained in this letter, you may contact your central office representative per the attached list.

Attachments

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Mr. David Lewis, CMS  
Ms. Cynthia Tudor, CMS  
Ms. Marla Kilbourne, CMS  
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