

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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Center for Medicare

DATE: June 29, 2010

TO: All Current and Prospective Medicare Advantage, Prescription Drug Plan, PACE, 1876 Cost Plan, and Demonstration Organizations

FROM: Cheri Rice
Director
Medicare Plan Payment Group

SUBJECT: De Minimis Guidance for Plan Year 2011

Under the PPACA §3303(a), a prescription drug plan (PDP) or Medicare Advantage Plan with Prescription Drug coverage (MA-PD) may volunteer to waive the portion of the monthly adjusted basic beneficiary premium that is a de minimis amount above the low-income subsidy (LIS) benchmark for a subsidy eligibility individual. This provision was also announced in the Announcement of Calendar Year (CY) 2011 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter, which was released on April 5, 2010. The law also prohibits CMS from reassigning LIS members from plans who volunteered to waive the de minimis amount.

CMS will announce the de minimis amount in August, when the benchmarks are released. Plans with de minimis premiums will inform CMS of their intent to participate in the voluntary de minimis program after the de minimis amount is released. Plans will inform CMS of their intention to participate through HPMS. We will release additional information about this mechanism this summer.

CMS will not autoenroll new LIS beneficiaries into de minimis plans. In general, CMS will also not reassign LIS beneficiaries into de minimis plans. The only exception will be instances when CMS is reassigning beneficiaries from an above de minimis PDP and the parent organization does not have a PDP in the region with a premium below the LIS benchmark, but does have a de minimis PDP in the region. In these limited instances, CMS will reassign LIS beneficiaries into a de minimis PDP to keep the beneficiary in the same parent organization.

For questions about the de minimis policy, please contact Deondra Moseley at Deondra.Moseley@cms.hhs.gov or 410-786-4577.