

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Beneficiary Choices  
7500 Security Boulevard, Mail Stop C4-23-07  
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## **MEDICARE PLAN PAYMENT GROUP**

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**DATE:** May 11, 2006

**TO:** All Medicare Advantage, Prescription Drug Plan, and Cost Organizations

**FROM:** Thomas Hutchinson  
Acting Director

**SUBJECT: Updates to the Premium Withhold Process --INFORMATION**

This letter provides updates to the premium withhold process including clean-up activities that CMS is performing this month as well as future enhancements.

### **Background**

As you know, the MMA allowed beneficiaries the option to have their plan premiums withheld from their social security checks. Plans submit the member's payment option on the enrollment transaction 61 for new members and on the change transaction 72 for current members. CMS transmits premium withhold requests to the Social Security Administration (SSA) for processing. Once the withholding begins, it continues until SSA receives a disenrollment transaction or there is a change to the member's low-income status. In these cases, SSA stops or adjusts the withhold amounts as applicable. Appropriate refunds are made when these transactions are processed retroactively.

This process is complicated by the number of systems involved and their different processing cutoff dates. This results in a time lag between a transaction request occurring and subsequent action by SSA to process a withhold start, change or stop request. In the majority of cases it will take two months, but in other cases it will take up to a maximum of three months. This will cause beneficiaries to have more than one month's premium to be withheld in any one month. Similarly, plans are experiencing delays in obtaining their premiums.

To address these issues, CMS will

- Perform a number of cleanups this month,
- Provide a monthly withhold report and
- Streamline the current process.

### CMS Cleanup Activities

During the week of May 7th, your plan may have received up to 2 special Transaction Reply Reports (TRRs) related to the premium withhold process.

The first TRR you may have received contains a set of premium withhold transactions that are being returned to you to be processed as direct bill situations. Most of these represent transactions recently sent to SSA that would result in 4 or more months of withheld premiums. Others are related to a recent clean up on a number of enrollment transactions and still others are related to retroactive enrollments and data matching issues. Such deductions may cause financial difficulties for some beneficiaries; so CMS will cancel the withhold option at SSA and notify you to directly bill the member for the premiums. You will need to arrange alternative premium payment plans for the identified beneficiaries on this TRR.

Effective immediately, CMS will no longer transmit withhold requests to SSA that would result in 4 or more months of withhold to protect beneficiaries from financial impacts. You will be notified that the beneficiary has been switched to direct bill via the normal Saturday TRRs.

Secondly, as part of our normal processing of the monthly withhold amounts that are sent to us by SSA, we compare, at a beneficiary level, the amount we were sent to the amount we expected. When the SSA withheld amount does not equal the exact premium amount due, we notify the plan to revert the beneficiary to direct bill, and notify SSA to cancel withholding. SSA then refunds the withheld amounts to the beneficiary. As a result of a variety of factors, recent volume of these transactions has increased significantly. CMS will send the transactions that resulted from this scenario on a separate special TRR.

We encourage plans to work with beneficiaries who owe back premiums and set up a schedule of affordable payments when appropriate. You should be aware that, in some cases, beneficiaries have had premiums withheld and CMS was not able to pass them on to the plan as explained above. Consideration should be given when billing such members until they receive their refunds from SSA. In either situation mentioned above, once you have reconciled past premium payments with the affected member, you may resubmit a premium withhold request with a prospective effective date if they want to resume premium withholding.

### Premium Withhold Status File

Currently, when you are notified that the premium payment option that you submitted was accepted, this only means that MARx has successfully processed your transaction. Final action is still pending with SSA. Effective with the July 2006 payment, CMS will provide a monthly status file to help you track these requests. This beneficiary-level file will notify you of the status of the withhold process at SSA for your members.

This monthly file will provide the disposition of withhold requests; accept or reject. If SSA has rejected a request, a reason code will be provided. See the attached layout for this file.

### Streamline Current Process

CMS is continuing to work with SSA on making the premium withholding process as effective as possible for plan members. This will involve streamlining the process and addressing the need to “close the loop” with you regarding the status of withhold start, change and stop requests. CMS is planning to add additional transaction reply codes to notify you when the withhold will begin or the reason that it has been rejected (and you must direct bill the member). Our immediate goal is to minimize the financial impact on beneficiaries and limit it to no more than 1-2 months’ impact. This may mean that you will direct bill members until you receive notice that the withhold has begun. More specific information regarding these changes will be forthcoming.

If you have any additional questions, please contact your Division of Payment Operations (DPO) representative directly (per the attached list).

Attachments (2)

## ATTACHMENT A PREMIUM WITHHOLD REPORT

### *Premium Withhold Status File - Data Elements*

ITEM	DATA ELEMENT	LENGTH	POSITION	Type	DESCRIPTION
<b>HEADER RECORD</b>					
1	Record Type	2	1-2	PIC XX	H = Header Record
2	MCO Contract Number	5	3-7	PIC X(5)	MCO Contract Number
3	Report Date	8	8-15	PIC 9(8)	YYYYMMDD Date this report was created
4	Filler	55	16-70	PIC X (55)	Spaces
<b>DETAIL RECORD</b>					
1	Record Type	2	1-2	PIC XX	D = Detail Record
<b>PLAN IDENTIFICATION</b>					
2	MCO Contract Number	5	3-7	PIC X(5)	MCO Contract Number
3	Plan Benefit Package Id	3	8-10	PIC X(3)	Plan Benefit Package Id
4	Plan Segment Id	3	11-13	PIC X(3)	Plan Segment Id
<b>BENEFICIARY IDENTIFICATION &amp; PREMIUM SETTINGS</b>					
5	HIC Number	12	14-25	PIC X(12)	Member's HIC #
6	Surname	7	26-32	PIC X(7)	
7	First Initial	1	33	PIC X	
8	Sex	1	34	PIC X	M = Male, F = Female
9	Date of Birth	8	35-42	PIC 9(8)	YYYYMMDD
10	Premium Payment Option	3	43-45	PIC X(3)	Premium Payment Option in effect for this Pay Month "SSA" = Withholding by SSA "RRB" = Withholding by RRB "OPM" = Withholding by OPM "DIR" = Direct Bill The file primarily contains records for withhold beneficiaries, however, if a bene was changing from withhold to direct bill, the status of that change will be reported here as well.
11	Period Start Date	8	46-53	PIC 9(8)	Starting Date of status/premium payment option being reported YYYYMMDD

ITEM	DATA ELEMENT	LENGTH	POSITION	Type	DESCRIPTION
12	Premium Withhold Status	1	54	PIC X	Indicates whether the withholding agency accepted or rejected the transaction: "A" = Accepted "R" = Rejected
13	Reason for Rejection	4	55-58	PIC X(4)	Explains why the withholding agency rejected the transaction (not populated if the transaction was accepted): "DATA" = Failed SSA edit "INSF" = Insufficient funds to withhold "SUSP" = Bene is in suspense status "DEFR" = Bene is in deferred status "TERM" = Bene is in terminated status
14	Filler	12	59-70	PIC X(12)	Spaces

**ATTACHMENT B  
CENTRAL OFFICE CONTACT LIST**

**DPO REGIONAL ASSIGNMENTS**

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