

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Beneficiary Choices
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Medicare Plan Payment Group

DATE: May 10, 2006

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

FROM: Thomas E. Hutchinson
Acting Director

SUBJECT: Informational Package on Premium Withholding Process

The purpose of this note is to provide your organization with a package of informational materials on the MA and Part D drug benefit and the process for withholding premiums from beneficiaries' social security payments. This information can be shared with beneficiaries and will help to explain the process of withholding premiums from social security payments to your plan enrollees. This package of materials will also be sent to beneficiaries and our other partners. The materials include:

- a short guide to social security premium withholds,
- a set of Qs&As and a script that plan call centers could use when explaining the SSA premium withholding to members, and
- two model letters that your plan may use in corresponding with beneficiaries on this issue.

CMS is continuing to work with the Social Security Administration on making the premium withholding process as effective as possible for plan members. Please note the contents of this letter will be discussed extensively on the MA/PDP Operational User Group call on May 10. If you have any additional questions, please contact your Division of Payment Operations (DPO) representative directly (per the attached list.)

Attachments (6)

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What You Should Know About Social Security Premium Withholds

When you join a Medicare prescription drug plan, you can choose to have premiums deducted automatically from your monthly Social Security benefit. Depending on when you enroll, it could take about two months from the time your Medicare drug plan submits the request for the premium deductions to start. You don't have to do anything to pay your monthly Medicare drug plan premiums until the automatic premium deduction starts.

The first time premiums are withheld from your Social Security benefit, you should expect that two monthly premium amounts will be withheld at the same time. In some cases, it could take three months and three months worth of premiums could be deducted at the same time. You will never have a deduction that is more than three months worth of premiums. If for any reason your Social Security premium withhold request is delayed longer than three months, Medicare will stop your request and ask your Medicare drug plan to bill you directly for premiums.

If you have any questions about any issues related to paying your drug plan premiums, contact your Medicare drug plan. Their customer service number is printed on your membership card.



Medicare Drug Plans: Withholding Premiums from Your Social Security Payment

What options do I have for paying my Medicare drug plan premiums?

You have three main options for paying your Medicare drug plan premiums:

- (1) Automatic electronic monthly withdrawal from your checking or savings bank account;
- (2) Direct monthly billing from the plan; or
- (3) Automatic deduction from your monthly Social Security benefit.

I have requested automatic premium deduction from my monthly Social Security benefit. How long will it take for the automatic deduction to start?

Depending on the time of the month that you make this request, it could take about two months from the time your Medicare drug plan submits the request for the premium deduction to start. This means that the first time premiums are withheld from your Social Security benefit, an amount equal to two monthly premium payments will be withheld. Social Security will deduct only the cost of one monthly premium payment from your Social Security benefit each month after that.

Can it take longer than a couple of months for the deduction to start?

Premium deductions should generally start no more than two months after your Medicare drug plan submits the request. In some cases, it may take three months. You will never have a deduction that is more than three months worth of premiums. If for any reason, your deduction is delayed longer than three months, Medicare will stop your request and ask your Medicare drug plan to bill you directly for premiums. This protects you from having a large, unexpected deduction from your regular benefit.



How do I pay my premiums until the automatic deduction starts?

You don't have to pay your monthly Medicare drug plan premiums until the automatic premium deduction starts. When your request is processed, whatever premiums you owe will be withheld from your next Social Security benefit.

If I have multiple premiums due when the withholding starts, can I have Social Security take these premiums out over time.

No. Social Security will deduct from your payment all the premiums due. There is no way to withhold only part of the premiums due.

What if my monthly Social Security benefit isn't enough to cover multiple premiums at one time?

If your monthly Social Security benefit isn't enough to cover multiple premium payments at one time, the premiums won't be deducted. Your plan will bill you directly and you can pay them directly. You also can arrange with your plan for the premiums to be automatically withdrawn from your checking or saving bank account.

Can I change my mind about the method I use to pay my premiums?

Generally, the payment plan you choose when you first enroll in a Medicare drug plan remains in effect for the rest of the calendar year, unless you leave that drug plan. However, you can work with your drug plan if you have any problems that require you to change your premium payment choice.

What happens if I have automatic premium deduction from my Social Security benefit and I switch to a different Medicare drug plan later? Will the automatic premium deduction carry over to my new drug plan?

No. When you enroll in your new Medicare drug plan, you will need to make a new choice about how to pay your premiums. You can again choose automatic premium deduction from your Social Security benefit. Depending on when in the month you make a choice, premium deductions could start two months after your drug plan submits the request. This means that the first time the premiums are withheld from your Social Security benefit, an amount equal to two monthly premium payments will be withheld. After the first time, only an amount equal to one monthly premium payment will be withheld from your monthly Social Security benefit.



I will be switching to a different Medicare drug plan. What do I need to do to stop the automatic premium deduction from my current Medicare drug plan?

You don't need to do anything. Your enrollment in a new plan will automatically stop the premium deduction from your current drug plan. It generally takes one to two months before the premium is no longer being withheld.

How soon will I get a refund of any premiums that are withheld for my current plan after I enroll in a new plan? Who will the refund come from?

If the Social Security Administration withheld the premium, Social Security will refund your premium. You should get this refund as an individual payment, separate from your regular monthly benefit, within six weeks after enrolling in a new plan.

What happens if I change plans and request automatic premium deductions from my Social Security benefits for my new plan, but the premium deduction from my previous plan doesn't stop?

Social Security cannot process your request for automatic premium deduction for your new plan until the premium deduction for your previous plan is stopped. The request from your new plan will be rejected if the previous premium deduction hasn't been stopped first. Your plan will need to contact Medicare so they can find out why the new action won't take effect.

I believe that I have signed up for automatic withholding, but I have received a notice from my plan that I still owe premiums. What should I do?

Contact your plan to verify what your record shows about your method of payment. If your Social Security premium withhold hasn't been set up already, and you still want Social Security to withhold premiums, you may need to pay the first few months of your premium directly to your plan. Your plan also can help you start to withhold premiums for the future.

If there is any question about whether your premium is being withheld, your plan can check this with Medicare. You can also contact Medicare directly at 1-800-MEDICARE (1-800-633-4227) and ask them to check if your premium withhold is taking place. Remember, it could take two months after you enroll and choose this payment option for the premium withhold to take effect.



I signed up for automatic withholding and my drug plan premium was deducted from one of my Social Security payments. Now the deduction has stopped. What happened?

If there is a discrepancy in the government computer systems on the amount that should be withheld from your payment, your automatic withholding will stop. This could happen for a number of reasons. If this is the case, Medicare will ask your Medicare drug plan to start billing you directly for your drug plan premiums. If you have questions or want to confirm why your deductions stopped, you can call your drug plan at the number on your membership card.

I am eligible for the “extra help” with prescription drug costs or limited-income subsidy, but my plan is billing me for a premium. What should I do?

Contact your plan. The plan can check and make sure that your record correctly shows you should get extra help. Some single people with incomes over \$12,290 (or married with incomes over \$17,321) still pay reduced premiums. In these cases, you must apply for the extra help (it isn't automatic) and Medicare can help you enroll in a plan that works for you. Call 1-800-MEDICARE (1-800-633-4227) or visit www.medicare.gov on the web for more information about extra help with your prescription drug costs. TTY users should call 1-877-486-2048.

Where should I call if I have other questions about options for paying my Medicare drug plan premiums, or about withholding premiums from my Social Security payment?

If you have any other questions about these issues, contact your Medicare drug plan. Their customer service number is printed on your membership card.

CALL CENTER SCRIPT – SSA PREMIUM WITHHOLD

I asked that my prescription drug plan premiums be withheld from my Social Security benefit but they haven't been deducted yet. Can you tell me what is happening?

Generally it takes two months before premiums are withheld from your Social Security benefit payment. Two months worth of premiums will be withheld from the first payment and after that a single monthly premium will be withheld each month.

Sometimes there are problems with the information sent to Medicare or Social Security to withhold the premiums. This can mean in some cases it will take three months for the premium to be withheld.

If a delay of more than 3 months occurs or if your monthly Social Security benefit isn't enough to cover multiple premium payments at once, the premiums won't be deducted. We will contact you to see if you want us to bill you directly for the premiums or if you want the premium to be automatically withdrawn from your checking or savings bank account. You will have to pay the premiums for <the months the person has been enrolled>. The total you will owe is <plan supplied>.

If you want to know if your Social Security benefit will be enough for the withhold to take effect, you can multiply the monthly premium amount by the number of months since you signed up for the premium withhold and subtract that total from the Social Security benefit amount you receive each month.

Say you asked for premium withhold three months ago. Your premium is \$53.90 and your monthly benefit is \$400.00. If the premiums are withheld from your next benefit payment, then your benefit will be \$238.30 or $\$400 - \161.70 (3 times \$53.90). Each month after that through the end of the year your benefit payment will be \$346.10 or $\$400 - \53.90 . <Plans will need to adjust this example for the correct premium amount.>

The plans should add their own answer if the person asks if the plan will work out a repayment schedule rather than them paying a lump sum.

Starting in June OIS says that they will be able to provide plans with person specific information on the status of the withhold request. Until the time, the plan will not be able to provide any projection of when the premium would be withheld.

May 8, 2006

<Date>

This letter is about your Medicare Prescription Drug Plan premiums.

Dear <Name of Member>:

Our records show that you asked to pay your <Part D Plan> plan monthly premiums by having them deducted from your regular Social Security payment. Most of the time, the first time premiums are withheld from your Social Security benefit, two monthly premium payments will be withheld at the same time. In some cases, it could take three months so three months worth of premiums could be deducted at the same time.

Social Security has notified us that your regular Social Security payment amount isn't enough to cover the necessary deduction. Because of this, the automatic deductions that you requested from your Social Security payment cannot be processed. No deductions for your <Part D plan> plan premiums have been taken from your Social Security payment.

We will begin billing you directly for your monthly <Part D plan> premiums. You also can contact us to arrange to pay these premiums through an automatic withdrawal from a checking or savings account. [Add other plan-specific payment options if available.]

If you have questions about this letter or think it is incorrect, please contact us as soon as possible at <1-800-XXX-XXXX (toll-free TTY/TDD)> to discuss your options for paying your premiums.

Thank you.

[Add Spanish sentence re: how to get this information in Spanish.]

<Date>

This letter is about your Medicare Prescription Drug Plan premiums.

Dear <Name of Member>:

Our records show that you asked to pay your <Part D Plan> plan monthly premiums by having them deducted from your regular Social Security payment. There has been a delay in setting up your deductions. These delays would cause premiums equal to four or more months to be deducted from a single Social Security payment.

Because of this, the automatic deductions that you requested from your Social Security payment won't be processed. No deductions for your <Part D plan> plan premiums have been taken from your Social Security payment.

We can bill you directly for your monthly <Part D plan> premiums. You also can contact us to arrange to pay these premiums through an automatic withdrawal from a checking or savings account. [Add other plan-specific payment options if available.]

If you have questions about this letter or think it is incorrect, please contact us as soon as possible at <1-800-XXX-XXXX (toll-free TTY/TDD)> to discuss your options for paying your premiums.

Thank you.

[Add Spanish sentence re: how to get this information in Spanish.]