

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Beneficiary Choices
7500 Security Boulevard, Mail Stop C4-23-07
Baltimore, Maryland 21244-1850



MEDICARE PLAN PAYMENT GROUP

DATE: June 22, 2006

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

FROM: Thomas Hutchinson /s/
Acting Director

SUBJECT: Premium Withhold Updates – INFORMATION

This letter provides updates to recent premium withholding processing. Plans are not to begin to directly bill their members unless (1) the members have elected to pay their premiums in that manner or (2) CMS has notified plans via transaction reply code 144 on a transaction reply report that the premium payment option has been changed to direct bill.

On May 15th, CMS produced a Special TRR (identified as P#MMA.@BGD5050.PLNxxxxx.YM0605A.D15.TRWEEKD) that set the premium payment option to 'direct bill' for beneficiaries who may have had a payment discrepancy sometime between January and May 2006. In some cases, this action was appropriate; for others it was not. Plans were instructed to disregard this TRR.

A special TRR that is scheduled to be sent out on June 22 will notify plans of the Premium Payment Option status of these beneficiaries, as they exist on the CMS and SSA databases. This TRR will follow normal naming conventions:
e.g. [P#MMA.@BGD5050.PLNxxxxx.YM200606.D22.TRWEEKD](#)

Plans will see some beneficiaries who were on the original May 15th TRR set to reflect an SSA Withhold status. The TRR will contain transaction reply code 179 (No Change to Premium Record); the effective date will be populated with the date the beneficiary was set to SSA Withhold and the transaction will reflect a premium payment option of 'S'.

Plans will also receive transactions for beneficiaries that have been confirmed to be switched back to Direct Bill status at SSA. These transactions will receive reply code 144 (Premium withhold option changed to Direct Bill); the effective date will be populated with the date the beneficiary was set to Direct Bill status and the transaction will reflect a premium payment option of 'D'.

There remain a small percentage of beneficiaries from the May 15th TRR population that are still in process between CMS and SSA. Those may result in a beneficiary's premium payment option being changed to Direct Bill. In the event that this occurs, plans will be notified via a future special TRR. **Plans are not to begin to directly bill members unless they get notified via a TRR to do so.**

If you have any questions or issues that you wish to discuss, please feel free to contact your Division of Payment Operations representative directly (per Appendix B in the Plan Communications User Guide).

cc: Mr. Gary A. Bailey, CMS
Mr. Thomas E. Hutchinson, CMS
Mr. David Lewis, CMS
Ms. Cynthia Tudor, CMS
Ms. Marla Kilbourne, CMS
Ms. Julie Boughn, CMS
RO HMO Coordinators
DPO