

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850



## **CENTER FOR BENEFICIARY CHOICES**

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**Memorandum To:** All Part D Sponsors

**Subject:** Status of SPAP Beneficiaries

**From:** Gary Bailey, Deputy Director, Center for Beneficiary Choices

**Date:** April 4, 2006

In a letter dated January 18, 2006 from Dr. Mark McClellan, CMS reminded plans to practice reasonable discretion before deciding to initiate disenrollment proceedings for an enrollee's failure to pay a plan's monthly premiums. We indicated that, at a minimum, plans must provide for a grace period of at least one month, and must alert the individual of the delinquency and the possible consequences of failure to pay premiums.

This notice is to further clarify that a beneficiary must not be disenrolled from a Part D plan if it has been notified that the premiums are being paid by a State Pharmaceutical Assistance Program (SPAP) or other payer and the plan has not yet coordinated receipt of premium payments with that SPAP or payer. In these cases, Part D plans are required to work directly with the SPAPs or the other payers to systematically coordinate and accept premium payments in accordance with 1860D-23 and 1860D-24 of the Social Security Act, Subpart J of the implementing Federal regulations, and coordination of benefit (COB) guidelines dated July 1, 2005. In other words, plans must bill the SPAP (or the other payer) for the premium and not bill the beneficiary. Until plans can bill the SPAP or other payers directly, plans must not take any action to disenroll the beneficiary for failure to pay premiums.

Plans are currently receiving data from CMS in the COB file indicating which beneficiaries are covered under SPAPs. Field 111 in the Supplemental Records of the COB file (as provided in the 2006 Medicare Advantage and Part D Enrollment and Payment Systems Changes Part IV sent to plans on September 20, 2005) indicates the type of supplemental coverage a beneficiary may have. An indicator of 'Q' identifies when a beneficiary has SPAP coverage. Plans could use this data to withhold systematic release of disenrollment notices to these beneficiaries when an SPAP is paying on behalf of the beneficiary.

For your information, the following states and territories are providing premium assistance in 2006 for all or a portion of the plan's Part D premiums:

Alaska,  
Connecticut,  
Delaware,  
Indiana,  
Maine,  
Maryland,  
Massachusetts,  
Montana,  
New Jersey,  
Nevada,  
Texas,  
USVI,  
Vermont.

If you have any questions about this issue, please contact your account manager.

Thank you for your continued assistance with the implementation of the Part D benefit.