

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-16-16
Baltimore, Maryland 21244-1850



Center for Beneficiary Choices
Medicare Plan Payment Group

Date: July 24, 2006

To: All Part D Plan Sponsors

From: Abby L. Block, Director
Center for Beneficiary Choices

Subject: Coordination of Benefits (COB) User Fee

Under the Medicare Modernization Act, CMS is permitted to impose user fees for the transmittal of information necessary for the coordination of benefits (COB) under the Medicare Prescription Drug Benefit. For contract year 2006, the Part D COB user fee is \$1.00 per enrollee per year. Due to the increased complexity of COB activities, it is necessary to increase the fee in 2007 to \$1.32 per enrollee per year. This fee will be collected at a rate of \$0.11 per enrollee per month for the entire 2007 plan year.

Plans may increase their 2007 standardized bids by \$0.03 per month to reflect this increase in the COB user fee. Plans that wish to increase their standardized bids must indicate as such in HPMS using the following navigation path: HPMS Homepage > Plan Bids > Bid Submission > Contract Year 2007 > Upload > COB User Fee. Plans may update their selections as many times as they choose between July 24, 2006 and 11:59 p.m. EDT on July 28, 2006.

For plans that indicate that they want to modify their standardized bids to reflect the change in COB user fees, \$0.03 per month will be added automatically to the standardized bid for the purposes of calculating the national average monthly bid amount, the plan's beneficiary premium, and the monthly direct subsidy payment. Therefore, plans that wish to include the COB user fee increase in their standardized bids must not submit this increase in any subsequent bid modifications. For technical assistance, plans may contact the HPMS Help Desk at either 1-800-220-2028 or hpms@cms.hhs.gov.

Further Information

If you have questions, please contact Meghan Elrington at (410) 786-8675.