

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

Date: January 3, 2008

To: All Part D Plan Sponsors

From: Tom Hutchinson, Director
Medicare Plan Payment Group

Subject: Option for Prescription Drug Plan Sponsors to Lower their Premiums for Low-Income Subsidy Beneficiaries Under Certain Conditions

CMS has published a notice of proposed rulemaking (NPRM), which would provide for an option for Medicare Prescription Drug Plan (PDP) Sponsors to offer a separate prescription drug premium amount for low-income subsidy (LIS) individuals subject to certain conditions. Under the proposed rule, PDP Sponsors may offer a reduced premium amount for LIS-eligible individuals to ensure that at least five PDP Sponsors in every PDP region would have a PDP with a premium at or below the premium subsidy amount. This provision would help to ensure that there are a sufficient number of organizations offering zero-premium plans in each region and reduce the number of LIS beneficiary reassignments to other organizations.

The NPRM will be published in the Federal Register on January 8, 2008. The NPRM is currently available on the web at the following address:

<http://www.cms.hhs.gov/PrescriptionDrugCovContra/HPMSGH/itemdetail.asp?itemID=CMS1207003>

CMS is soliciting comments on the NPRM. The comment period closes on March 3, 2008. Please submit comments according to the instructions in the NPRM to assure consideration.

Further Information

If you have questions about this NPRM, please contact Deondra Moseley at (410) 786-4577 or Meghan Elrington at (410) 786-8675.