

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR BENEFICIARY CHOICES

TO: All Part D Sponsors

FROM: Cynthia Tudor, Ph.D., Director, Medicare Drug Benefit Group

RE: Update on the 2008 Model Explanation of Benefits

DATE: April 11, 2008

On February 1, 2008, CMS issued a revised model explanation of benefits (EOB) for sponsors to use in creating the EOBs that communicate benefit and formulary change information to enrollees who used the Part D benefits during the prior month. We also issued a model cover letter sponsors could use to alert enrollees to the changes in the way their year-to-date benefits and formulary change information will be presented going forward given the mid-2008 implementation date of the new EOB format. In this memorandum, we are clarifying a number of issues sponsors have raised regarding the new EOB implementation timeline, the enrollee cover letter, and the EOB model since the release of our February 1, 2008 memorandum.

As we have stated in previous memoranda, implementation of the new EOB was delayed until mid-2008 in order to allow for implementation of the automated TrOOP balance transfer process. Since that time, we have further delayed our expected implementation of the automated TrOOP balance transfer process until January 1, 2009. We are not, however, changing our expected July 1, 2008 implementation date for the new EOB. Accordingly, we expect enrollees to receive their first new EOBs in August 2008 for prescription drug activity beginning July 1, 2008. Sponsors may, of course, begin to use the new EOB format prior to August 2008. We have made a revision to the instructions for the EOB that clarifies that sponsors should report adjustments to TrOOP and gross drug spend balances based on the most recent date on either: (1) the Financial Information Reporting (FIR) transaction field "DateTime" received from any previous plans if the EOB is sent after the final implementation of the automated TrOOP balance transfer process; or (2) the manual transfer EOB, if the EOB is sent prior to the final implementation of the automated TrOOP balance transfer process.

We also clarify that the model enrollee cover letter we included with our February 1, 2008 memorandum was simply intended as an example for communicating information about the new EOB format to plan enrollees. Sponsors have flexibility regarding the timing, format, and phrasing used to communicate this information to enrollees. CMS Regional Offices will not be reviewing sponsors' notices of the EOB format change.

We have also received a significant number of questions regarding permissible modifications to the model EOB for a 10-day review. We clarify, both in this memorandum and in the instructions in the revised EOB model attached to this memorandum, that the only modifications we will allow in order for a sponsor's EOB to be subject to a 10-day review are minor grammar or punctuation changes, as well as changes to the font type or color. In addition, we will allow sponsors to reference their plan name more generically and to change references to Customer Service to the specific name used by a sponsor. EOB templates submitted with additional modifications will be subject to a 45-day review. We strongly encourage sponsors to use our model EOB without modification to ensure speedy review and approval of EOB templates. Submissions with substantial modifications may require the entire 45-day period for review, and sponsors should ensure they submit their templates to their Regional Office for review with sufficient lead time to meet the mid-year implementation timeline.

Attached is a revised EOB model for sponsors' use that addresses some of the major concerns or issues that have been identified as sponsors have begun their programming for mid-2008 implementation of the new EOB format. In addition, we are attaching a version of the revised EOB model that indicates in red font the changes made from the previous version of the EOB. The bulk of these changes are either: (1) clarifications of the original plan instructions; or (2) additions of optional language. Below, we summarize the most significant changes to the model:

- Clarification of the plan instructions regarding allowable modifications to the model for a 10-day review.
- Revision to the plan instructions for reporting adjustments to TrOOP and gross drug spend balances on the EOB based on the most recent date on the automated TrOOP balance transfer or the manual transfer EOB.
- Addition of an optional section allowing sponsors to reflect other adjustments to TrOOP and gross drug spend (for example, because of reversed claims or supplemental payer wraparound payments) not reflected in a previous EOB.
- Clarification of the plan instructions for the summary of year-to-date Medicare prescription drug costs indicating that information for previous coverage rows should continue to be populated even after a member moves into a subsequent coverage period. Attached is an example of how to populate an EOB for a beneficiary currently in catastrophic coverage.
- Clarification of the plan instructions for populating the definitions on page 3 based on benefit structure and beneficiary LIS status, and addition of optional sentences for particular benefit designs and beneficiary LIS status.
- Correction of an error to the language under "Yearly Deductible" on page 3 that allows for communication of a brand-only deductible.
- Addition of language to the chart in section 4 that allows sponsors to indicate whether the amount paid by a second payer/other source is TrOOP-eligible.
- Clarification to the plan instructions for calculating the totals in section 4.
- Modifications to the "Other Possible Drugs[s]" language to more clearly tie alternative formulary drugs to the particular drug experiencing a change in the table in section 5.

We appreciate all the suggestions you have provided to further refine the new model EOB and look forward to implementation of this new format later this year. If you have any questions

concerning this memorandum, please contact Vanessa Duran via email at vanessa.duran@cms.hhs.gov or by phone at 410-786-8697.

Attachments – Revised 2008 Model EOB (clean)
Revised 2008 Model EOB (showing changes from previous version)
Example- How to Populate the EOB