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### MEMORANDUM

TO: All Part D Plan Sponsors

FROM: Gary Bailey, Deputy Director for Plan Policy and Operations

RE: Premium Withhold Processing

DATE: February 16, 2006

As we continue to work together through various issues, we again thank the Part D plans for their willingness to assist us in resolving problems that impact our beneficiaries. This letter addresses one area of concern that we have recently been made aware.

We are hearing concerns that beneficiaries are being asked to contact the Social Security Administration (SSA) if they wish for their premiums to be withheld from their Social Security benefit. We remind you that plans are responsible for handling premium payment arrangements including requests for the premium to be withheld from the Social Security benefit. You therefore should not refer your members to SSA on premium issues. Referrals to SSA should be limited to applications for extra help paying for premiums.

Plans should also make their members aware that, due to differing SSA and CMS processing schedules, members electing to have their plan premiums deducted from SSA benefits, will experience a 1 – 3 month lag. SSA will withhold the applicable amount when they begin the process and plans are not to bill members for any portion of their premiums related to the delays. The one exception to this policy is if CMS notifies you that SSA could not withhold the premiums at all via transaction reply code 144; then you should directly bill the members.

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.