



MEDICARE ENROLLMENT & APPEALS GROUP

DATE: January 5, 2018

TO: Prescription Drug Plan Sponsors

FROM: Jerry Mulcahy
Director

SUBJECT: Part D Late Enrollment Penalty Guidance and Model Notice Adjustments
Due to Systems Changes for Premium Withholding

On April 11, 2017, the Centers for Medicare & Medicaid Services (CMS) released a Health Plan Management System (HPMS) memorandum entitled “Announcement of the May 2017 Software Release.” This memorandum outlined a change that was implemented to the Medicare Advantage (MA) Prescription Drug System (MARx). This system change modified how sponsors collect owed premiums in certain circumstances. Specifically, when a beneficiary’s LEP increases retroactively, causing the current month’s premium amount to exceed \$300.00, MARx will now inform the sponsor to directly bill the accrued retroactive LEP and, when possible, leave the beneficiary in premium withhold status.

The purpose of this memorandum is to provide conforming edits to Chapter 4 of the Medicare Prescription Drug Benefit Manual, including updating five model notices to address this system and operational change, and provide clarifying guidance on our policy related to involuntary disenrollments due to non-payment of premiums.

Chapter 4 Changes

We are providing clarifying language to § 60.1 to provide instructions to sponsors on how to appropriately bill a retroactive LEP for beneficiaries who are in premium withhold status. If the beneficiary’s prospective monthly premium amount remains at or below \$300.00 (not counting the retroactive LEP amount), the beneficiary will remain in premium withhold status. If the beneficiary’s prospective monthly premium amount exceeds \$300.00, the beneficiary’s premium should be direct-billed by the sponsor. We have also modified this section and re-numbered this section to correct a typographical error.

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Model Notice Exhibit Changes

As a result of the operational adjustment, we are modifying five model notices – Exhibits 2, 3, 6, 7, and 11. We are making minor text modifications and creating additional variable text to provide the proper information needed for beneficiaries to understand how the retroactive LEP and future months' premiums are to be paid and if the member is being removed from Social Security Administration withhold status.

Premium Withhold Status and Involuntary Disenrollment for Failure to Pay Premium

We further clarify through this memorandum how this operational change impacts existing policies and Part D enrollment guidance. We note that in the case where a beneficiary remains in premium withhold status and is direct-billed the retroactive LEP, the sponsor may not involuntarily disenroll the beneficiary due to non-payment. While the beneficiary is considered to still be in premium withhold status, the sponsor should make a reasonable attempt to collect the retroactive LEP. As outlined in 42 CFR §§ 422.262(h) and 423.293(a)(4), regardless of whether the beneficiary is in direct-bill or premium withhold status, if the beneficiary is without fault in creating a premium arrearage, the sponsor is required to offer options for payment of retroactive premium owed. This includes providing more time, beyond the required two month grace period for involuntary disenrollment, for the beneficiary to pay the owed amount.

We understand the need to provide accurate information to the beneficiary regarding their billing status when this situation occurs. We are also sensitive to the effort necessary to make adjustments to sponsors' systems, processes, and notices. Therefore, these changes will be in effect within 90 days of the date of this memorandum. Sponsors may, at their option, implement any aspect of this guidance prior to the implementation date.

These changes are attached and will be incorporated into Chapter 4 of the Medicare Prescription Drug Benefit Manual. This chapter will be posted at the link below within 10 business days of this memorandum: <https://www.cms.gov/Medicare/Eligibility-and-Enrollment/MedicarePresDrugEligEnrol/CreditableCoverageLateEnrollmentPenalty.html>

Please direct questions regarding the submission or review of member materials to your CMS Account Manager. For enrollment policy questions, please submit your inquiry to PDPENROLLMENT@cms.hhs.gov and copy your CMS Account Manager.

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Excerpts of Specific Changes to Guidance:

§ 60.1:

We modified this section and also renumbered this section to correct a typographical error. Section 60.1 is now modified to be sections 60.1 and a newly created 60.1.1. Sections with text changes are shown below:

60.1 - Billing and Collecting the LEP

The LEP is part of the Part D premium. The Part D plan sponsor shall bill and collect it in the same manner it does the non-LEP portion of its members' premiums, *except under the circumstance outlined in § 60.1.2 of this chapter.*

Where a Part D plan sponsor has a zero (\$0) premium, *and* members enrolled in such plans *have an LEP, the LEP* must be billed and must be permitted to *be paid* monthly *in accordance with* 42 CFR 423.293(a)(2).

60.1.1 - Members in Direct Bill Status

The Part D plan sponsor shall bill and make a reasonable attempt to collect any LEP amounts owed since the beneficiary's enrollment effective date but no earlier than January 1, 2007. The Part D plan sponsors shall also bill and make a reasonable attempt to collect any unpaid LEP from its former members.

For members that are billed directly for the Part D premium (i.e., members in direct bill status), the Part D plan sponsor shall bill such members for the LEP at the same time it bills for the Part D plan premium. The plan sponsor may choose to issue a separate invoice for the LEP and indicate that it is due at the same time as the non-LEP premium, or the plan sponsor may itemize the LEP amount on the same invoice as the non-LEP premium. Additionally, plans may establish a quarterly or annual billing cycle, but must always afford the member the option of monthly payment. The member must be permitted to actively choose among the various billing cycles a plan may provide.

Plans may have to bill members for LEP amounts retroactively. Note that in all cases, even where the LEP is imposed or adjusted by a member's prior plan after the member has disenrolled from that plan, the Part D plan sponsor must bill and make a reasonable attempt to collect the LEP. (See §§ 10.3.1, 30.2, 30.4, and 50 of this chapter).

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60.1.2 - Members in Premium Withhold Status

The Part D plan sponsor shall not bill members who are in premium withhold status, but shall notify the member of the LEP amount, in accordance with §50 of this chapter. The Social Security Administration (SSA) will take the necessary actions to collect the LEP amount from the member who has elected the SSA premium withhold option. SSA accomplishes this by increasing the withhold amount by the amount of the LEP, *unless this would cause the total amount to be withheld to exceed \$300.00.*

When a beneficiary's LEP increases retroactively, causing the current month's premium withhold amount to exceed \$300.00, the sponsor will direct-bill the retroactive LEP amount. When the retroactive LEP amount is billed in a lump sum, the beneficiary will have the option of paying it over time, as outlined in 42 CFR 423.293(a)(4).

If the beneficiary's prospective monthly premium amount remains at or below \$300.00, he or she will remain in SSA withhold status. Alternatively, if the beneficiary's prospective monthly premium is above \$300.00, he or she will be changed to direct-bill status.

Chapter 4, Exhibits, Model Forms & Notices:

We are modifying the five model notices in Chapter 4 – Exhibits 2, 3, 6, 7 & 11 as follows:

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Exhibit 2: Model Notice - Beneficiary Notice of Late Enrollment Penalty

<Date>

Dear < Insert Name of Enrollee>:

We're writing to tell you that starting <effective date> your new premium will include a late enrollment penalty of **<LEP amount>** per month.

Your new **monthly** premium **will increase to** **<new premium amount>** because you didn't have Medicare prescription drug coverage or other drug coverage that met Medicare's minimum standards (creditable coverage).

[Insert the following if the beneficiary is enrolling in a Part D plan for the first time:]
According to Medicare's records, you **didn't** have creditable coverage for **<number of uncovered months> months** from <date> to <date> after you were first eligible to sign up for Medicare prescription drug coverage.

[OR insert the following if the beneficiary was previously enrolled in a Part D prescription drug plan:]
According to Medicare's records, you **didn't** have creditable coverage for **<number of uncovered months> months** from <effective date of disenrollment from previous plan> to <the month before the effective date in your plan> following your disenrollment from your last Medicare prescription drug plan.

[Insert the following if the beneficiary owes a retroactive LEP amount and they are in premium withhold or direct bill status:]
Since you owe **a late enrollment penalty** dating back to your effective date of enrollment, **you owe a** lump sum amount of **<amount of lump sum owed retroactive to the date of their enrollment in the plan>**. After this one time lump sum payment, **you'll owe** **<amount of new premium>** per month.

[Insert ONE of the following based on how the beneficiary pays their plan premiums:]

[For members in direct-bill status, insert the following language:]

Your premium bill will reflect this new amount.

[For members in premium withhold status, where the combined total of the retroactive LEP and the current month's premium is \$300.00 or less, insert the following language:]

This lump sum amount will be deducted from your Social Security check. **We'll continue to deduct your future monthly premium amount (including the monthly late enrollment penalty amount) from your Social Security check.**

[For members in premium withhold status where the retroactive LEP has to be direct-billed,

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but future premiums will be paid in premium withhold status, insert the following language:] Since you owe a late enrollment penalty for past months, and that amount causes the current amount you owe to exceed \$300.00, we'll charge you a lump sum amount of <amount of retroactive LEP owed>. We'll continue to deduct your future monthly premium amount (including the monthly late enrollment penalty amount) from your Social Security check.

[For members in premium withhold status where the retroactive LEP has to be direct-billed, and future premiums will be directly billed, insert the following language:] Since you owe a late enrollment penalty for past months, and that amount causes your current monthly premium to be more than \$300.00, we'll charge you a lump sum amount of <amount of retroactive LEP owed>. We won't deduct your future monthly premium amount (including the monthly late enrollment penalty amount) from your monthly Social Security check. We'll bill you directly for your monthly premiums.

[Insert the following if employer, union, or State Pharmaceutical Assistance Program is paying the LEP amount on behalf of member:]

*<Name of entity> has agreed to pay <LEP amount>, the amount of your late enrollment penalty, on your behalf. If <name of entity> stops paying your late enrollment penalty, **you'll** be responsible for paying that amount.*

If you disagree with your late enrollment penalty, you can ask Medicare to reconsider (review) its decision if certain circumstances apply to you. For example, you might disagree with the penalty if you had **Extra Help** from Medicare to pay for your prescription drug coverage or if you **didn't get a** notice that clearly explained whether you had creditable coverage. A notice explaining your right to a reconsideration of the late enrollment penalty **and a reconsideration request form are** included with this letter. You must submit your reconsideration request within **60 days** of the date **on** this letter to the address listed on the enclosed *Part D Late Enrollment Penalty Reconsideration Request Form*, or Medicare may not consider your request.

If you have questions about the information in this letter, or if you would like more information about the late enrollment penalty, call <Plan Name> at <toll-free number> <days and hours of operation>. TTY users **can** call <toll-free TTY number>. You can also get information by calling 1-800-MEDICARE (1-800-633-4227). TTY users **can** call 1-877-486-2048.

Thank you.

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Exhibit 3: Model Notice - Beneficiary Notice of Existing Late Enrollment Penalty

<Date>

Dear < Insert Name of Enrollee >:

We're writing to tell you that starting <effective date>, your premium will be <amount of premium> per month. This amount is based on an existing late enrollment penalty that you were charged by your previous plan(s) because you *didn't* have Medicare prescription drug coverage or other drug coverage that met Medicare's minimum standards (creditable coverage) for a total of <insert total # of uncovered months that resulted in the existing LEP> months.

[Insert the following if the beneficiary owes a retroactive LEP amount:]

Since you owe a late enrollment penalty dating back to your effective date of enrollment, *we'll charge you* a lump sum amount of <amount of lump sum owed retroactive to the date of their enrollment in the plan>.

After this one time lump sum payment, *you'll owe* <amount of premium> per month.

[Insert ONE of the following based on how the beneficiary pays their plan premiums:]

[For members in direct-bill status, insert the following language:]

Your premium bill will reflect this new premium amount.

[For members in premium withhold status, where the combined total of the retroactive LEP and the current month's premium is \$300.00 or less, insert the following language:]

We'll deduct this lump sum amount from your Social Security check. We'll continue to deduct your future monthly premium amount (including the monthly late enrollment penalty amount) from your Social Security check.

[For members in premium withhold status where the retroactive LEP has to be direct-billed, but future premiums will be paid in premium withhold status, insert the following language:]

Since you owe a late enrollment penalty for past months, and that amount causes the current amount you owe to be more than \$300.00, we'll charge you a lump sum amount of <amount of retroactive LEP owed>. We'll continue to deduct your future monthly premium amount (including the monthly late enrollment penalty amount) from your Social Security check.

[For members in premium withhold status where the retroactive LEP has to be direct-billed and future premiums will be directly billed, insert the following language:]

Since you owe a late enrollment penalty for past months, and that amount causes your current monthly premium to be more than \$300.00, we'll charge you a lump sum amount of <amount of retroactive LEP owed>. We won't deduct your future monthly premium amount (including the monthly late enrollment penalty amount) from your monthly Social Security check. We'll bill you directly for your monthly premiums.

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[Insert the following if employer, union, or State Pharmaceutical Assistance Program is paying the LEP amount on behalf of member:]

< *Name of entity* > has agreed to pay <LEP amount>, the amount of your late enrollment penalty, on your behalf. If <*name of entity*> stops paying your late enrollment penalty, you'll be responsible for paying that amount.

If you have questions about the information in this letter, or if you would like more information about the late enrollment penalty, call <Plan Name> at <toll-free number> <days and hours of operation>. TTY users *can* call <toll-free TTY number>. You can also get information by calling 1-800-MEDICARE (1-800-633-4227). TTY users can call 1-877-486-2048.

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Exhibit 6: Model Notice - Informing Beneficiary of LEP Adjustment Due To Plan Error

<Date>

Dear < Insert Name of Enrollee >:

We're writing to tell you that starting <effective date>, your new premium will be <amount of new premium> per month. This new amount is due to <insert the reason, e.g., **an error in calculating** number of uncovered months or error in transmitting that information to CMS>.

[Insert the appropriate paragraphs below if the error imposes a LEP or increases the LEP amount. If the error results in a decrease in the LEP, skip the following 7 paragraphs and proceed to model language appropriate for that scenario:]

[Insert the following if the error imposes or increases the amount of the LEP amount:] As a result of this error, **your new** monthly premium includes a late enrollment penalty OR **an increased** late enrollment penalty of <new LEP amount>. *[Insert the following if the error causes a beneficiary to owe a retroactive amount due to the error:]* This also means that you owe a late enrollment penalty of <amount of retroactive LEP amount owed as a result of error> dating back to your effective date of enrollment.

[Insert the following if the beneficiary owes a retroactive LEP amount:]
Since you owe a late enrollment penalty dating back to your effective date of enrollment, **we'll** charge you a lump sum amount of <amount of lump sum owed retroactive to the date of their enrollment in the plan>. After this one time lump sum payment, **you'll owe** <amount of new premium> per month.

[If the beneficiary has to pay an increased LEP amount, insert ONE of the following based on how the beneficiary pays their plan premiums:]

[For members in direct-bill status, insert the following language:]

Your premium bill will reflect this new premium amount.

[For members in premium withhold status, where the retroactive LEP and the current month's premium is \$300.00 or less insert the following language:]

We'll deduct this lump sum amount from your Social Security check. **We'll continue to deduct your future monthly premium amount (including the monthly late enrollment penalty amount) from your Social Security check.**

[For members in premium withhold status where the retroactive LEP has to be direct-billed, but future premiums will be paid in premium withhold status, insert the following language:]

Since you owe a late enrollment penalty for past months, and that amount causes the

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current amount you owe to be more than \$300.00, we'll charge you a lump sum amount of <amount of retroactive LEP owed>. We'll continue to deduct your future monthly premium amount (including the monthly late enrollment penalty amount) from your Social Security check.

[For members in premium withhold status where the retroactive LEP has to be direct-billed and future premiums will be directly billed, insert the following language:] Since you owe a late enrollment penalty for past months, and that amount causes your current monthly premium to be more than \$300.00, we'll charge you a lump sum amount of <amount of retroactive LEP owed>. We won't deduct your future monthly premium amount (including the monthly late enrollment penalty amount) from your monthly Social Security check. We'll bill you directly for your monthly premiums.

[Insert the following only if the error resulted in the imposition of or increase in LEP, except where the increase is due to a reconsideration:] If you disagree with your late enrollment penalty, you can ask Medicare to reconsider (review) its decision if certain circumstances apply to you. (For example, you might disagree with the penalty if you got/get Extra Help from Medicare to pay for your prescription drug coverage or if you didn't get a notice that explained whether you had other prescription drug coverage that met Medicare's minimum standards (creditable coverage). A notice explaining your right to a reconsideration of the late enrollment penalty is included with this letter. You must submit your reconsideration request to the address listed on the enclosed Part D Late Enrollment Penalty Reconsideration Request Form within 60 days of the date of this letter, or Medicare may not consider your request.

[Insert the following if the error reduces the LEP amount:] Because of this error, your new late enrollment penalty amount has been reduced. Your new late enrollment penalty amount is *<new LEP amount>.*

[Insert the following language for members in direct bill status for whom the error reduces the LEP amount:] This also means that any *incorrect* late enrollment penalty amount that you've paid *[Select method of LEP refund: will be refunded back to you as soon as possible OR will be applied to reduce your next bill]. We'll [Select method of LEP refund: refund you OR reduce your next bill by] <total LEP amount owed to the beneficiary>.*

[Insert the following language for members in premium-withhold status for whom the error reduces the LEP amount:] This also means that *Social Security will refund you any incorrect* late enrollment penalty amount that you've paid. *You'll get a refund of <total LEP amount owed to the beneficiary> from Social Security as soon as possible.*

If you have questions about the information in this letter, or if you would like more information about the late enrollment penalty, call *<Plan Name>* at *<toll-free number>* *<days and hours of operation>.* TTY users *can* call *<toll-free TTY*

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number>. You can also get information by calling 1-800-MEDICARE (1-800-633-4227). TTY users *can* call 1-877-486-2048.

Thank you.

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Exhibit 7: Model Notice - Confirming Adjustment of Late Enrollment Penalty after LEP Reconsideration

<Date>

Dear <Name of Member>:

We're writing to tell you about your Part D late enrollment penalty based on Medicare's reconsideration (review) of your circumstances. *This was* explained in the decision letter you *got* from Medicare's Appeals Contractor dated <insert date>.

[Insert the appropriate paragraphs below if the beneficiary still owes an LEP; i.e., the LEP reconsideration decision was either PARTIALLY FAVORABLE or UNFAVORABLE:]
[For current members:] As a result of Medicare's reconsideration decision, your premium still includes a late enrollment penalty. Your *new* premium amount is <premium amount> per month effective <effective date>.

[For prior members:] As a result of Medicare's reconsideration decision, you still owe a penalty of <penalty amount> per month, effective <effective date>.

[For Current and Prior members, insert the following if the beneficiary's LEP amount has to be paid retroactively:] Since you owe a late enrollment penalty dating back to your effective date of enrollment, *we'll* charge you a lump sum amount of <amount of lump sum owed retroactive to effective date of enrollment>.

[Language for Current members. Insert ONE of the following based on how the beneficiary pays their plan premiums:]
[For members in direct-bill status, insert the following language:]
After this one time lump sum payment, your premium bill will reflect this premium amount of <amount of new premium> per month.

[For members in premium withhold status, where the retroactive LEP and the current month's premium is \$300.00 or less, insert the following language:]
We'll deduct this lump sum amount from your Social Security check. We'll continue to deduct your future monthly premium amount (including the monthly late enrollment penalty amount) from your Social Security check.

[For members in premium withhold status where the retroactive LEP has to be direct-billed, but future premiums will be paid in premium withhold status, insert the following language:]
Since you owe a late enrollment penalty for past months, and that amount causes your current monthly premium to be more than \$300.00, we'll charge you a lump sum amount of <amount of retroactive LEP owed>. We'll continue to deduct your future monthly

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premium amount (including the monthly late enrollment penalty amount) from your Social Security check.

[For members in premium withhold status where the retroactive LEP has to be direct-billed, and future premiums will be directly billed, insert the following language:]
Since you owe a late enrollment penalty for past months, and that amount causes your current monthly premium to be more than \$300.00, we'll charge you a lump sum amount of <amount of retroactive LEP owed>. We won't deduct your future monthly premium amount (including the monthly late enrollment penalty amount) from your monthly Social Security check. We'll bill you directly for your monthly premiums.

*[Language for **Prior members**. Insert ONE of the following based on how the beneficiary pays their plan premiums:]*

[Insert the following if the individual is in direct bill status:]

Please send your payment to:

<Insert Name of Plan and full mailing address where enrollee should remit payment>

[For members who were in premium withhold status under your plan, and the retroactive LEP is \$300.00 or less, insert the following language:]

We'll deduct this lump sum amount from your Social Security check.

[For members who were in premium withhold status under your plan, and the retroactive LEP has to be direct-billed, insert the following language:]

Since you owe a late enrollment penalty for past months, we'll charge you a lump sum amount of <amount of retroactive LEP owed>. We'll bill you directly for this amount.

*[Or, insert the following for **Current and Prior members** who no longer owe an LEP; i.e., the LEP reconsideration decision was FULLY FAVORABLE]*

*Medicare decided you **aren't** required to pay a late enrollment penalty. **We'll refund you any** late enrollment penalty you've already paid [Select method of LEP refund:] as soon as possible OR [for **Current members**:] it will be applied to reduce your next bill.*

[Insert ONE of the following based on how the beneficiary pays their plan premiums:]

*[For **Current and Prior members** in direct bill status, insert the following language:]*

***We'll** refund you <total LEP amount owed to the beneficiary>. [OR for **Current members only** select method of LEP refund:] **We'll** apply <total LEP amount owed to the beneficiary> to reduce your next bill.*

*[For prior and current members in premium-withhold status, insert the following language:] This means that **Social Security will refund you any incorrect late enrollment penalty amount that you've paid**. Social Security will refund you <total LEP amount owed to the beneficiary> as soon as possible.*

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If you have questions about the information in this letter or if you would like more information about the late enrollment penalty, call *<Plan Name>* at *<toll-free number>* *<days and hours of operation>*. TTY users *can* call *<toll-free TTY number>*.

You can also get information by calling 1-800-MEDICARE (1-800-633-4227). TTY users can call 1-877-486-2048.

Thank you.

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Exhibit 11: Model Notice - Beneficiary Notice of Late Enrollment Penalty Adjustment Reported

<Date>

Dear < Insert Name of Enrollee>:

[Insert the appropriate paragraphs below for Current members if the reporting of uncovered months imposes or increases an LEP:]

Medicare informed us that your previous plan reported that you *didn't* have prescription drug coverage that met Medicare's minimum standards for at least 63 days. As a result of this, starting <effective date of enrollment>, your new premium will be <amount of new premium> per month. *Your late enrollment penalty is <LEP amount>.* *[Insert the following if the new LEP causes a beneficiary to owe a retroactive amount in your plan:]* This also means that you owe a previous late enrollment penalty dating back to your effective date of enrollment.

[Insert ONE of the following based on how the beneficiary pays their plan premiums:]
[Insert the following if the member is in direct bill status and owes a retroactive amount:]
We'll charge you a lump sum amount of <amount of lump sum owed retroactive to the date of their enrollment in the plan>. After this one time lump payment, you'll owe <amount of new premium> per month.

[For members in premium withhold status, where the retroactive LEP and the current month's premium is \$300.00 or less, insert the following language:]
We'll deduct this lump sum amount from your Social Security check. We'll continue to deduct your future monthly premium amount (including the monthly late enrollment penalty amount, if any) from your Social Security check.

[For members in premium withhold status where the retroactive LEP has to be direct-billed, but future premiums will be paid in premium withhold status, insert the following language:]
Since you owe a late enrollment penalty for past months, and that amount causes your current monthly premium to more than \$300.00, we'll charge you a lump sum amount of <amount of retroactive LEP owed>. We'll continue to deduct your future monthly premium amount (including the monthly late enrollment penalty amount, if any) from your Social Security check.

[For members in premium withhold status where the retroactive LEP has to be direct-billed, and future premiums will be directly billed, insert the following language:]
Since you owe a late enrollment penalty for past months, and that amount causes your current monthly premium to be more than \$300.00, we'll charge you a lump sum amount of <amount of retroactive LEP owed>. We won't deduct your future

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monthly premium amount (including the monthly late enrollment penalty amount, if any) from your monthly Social Security check. We'll bill you directly for your monthly premiums.

*[OR insert the appropriate paragraphs below for **Prior members** if the reporting of uncovered months imposes or increases an LEP:]*

Medicare informed us that your previous plan reported that you *didn't* have prescription drug coverage that met Medicare's minimum standards for at least 63 days. As a result of this, we should have charged you *[Insert the appropriate language:] a/an additional late enrollment penalty amount of <total LEP amount owed>.*

[Insert ONE of the following based on how the beneficiary pays their plan premiums:]

[Insert the following if the individual is in direct bill status:]

Please send your payment to:

<Insert Name of Plan and full mailing address where enrollee should remit payment>

[For members who were in premium withhold status under your plan, and the retroactive LEP is \$300.00 or less, insert the following language:]

We'll deduct this lump sum amount from your Social Security check.

[For members who were in premium withhold status under your plan, and the retroactive LEP has to be direct-billed, insert the following language:]

Since you owe an LEP for past months, we'll charge you a lump sum amount of <amount of retroactive LEP owed>. We'll bill you directly for this amount.

*[Or insert the following paragraph for **Current members** if the reporting of uncovered months reduces or removes an LEP:]*

Your late enrollment penalty has been *[Insert the appropriate language:] reduced OR removed* based on a change to what your former plan reported to Medicare. Your new premium amount is *<insert total premium amount>*. This amount *[Insert the appropriate language:] no longer includes a late enrollment penalty OR includes a reduced late enrollment penalty amount of <new LEP amount>*. *[For members in direct bill status, insert the following language:]* This also means that *we'll* refund you any late enrollment penalty amount that you paid, while in our plan, *[Select method of LEP refund:] as soon as possible OR it will be applied to reduce your next bill. We'll* *[Select method of LEP refund:] refund you/reduce your next bill by <total LEP amount owed to the beneficiary>*. *[For members in premium-withhold status, insert the following language:]* This also means that Social Security will refund you any late enrollment penalty amount that you paid, while in our plan. Social Security will refund you *<total LEP amount owed to the beneficiary>* as soon as possible.

*[Or insert the following paragraph for **Prior members** if the reporting of uncovered months reduces or removes an LEP:]*

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This information has not been publicly disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.

Medicare informed us that *[Insert the appropriate language:] you shouldn't have paid a late enrollment penalty OR you should have paid a reduced late enrollment penalty while you were enrolled in our plan.* This decision was based on information reported to Medicare by your previous plan. *[For members in direct bill status, insert the following language:]* Therefore, we'll refund you *<total LEP amount owed to the beneficiary>* as soon as possible *[For members in premium- withhold status, insert the following language:]* Social Security will refund you *<total LEP amount owed to the beneficiary>* as soon as possible.

If you have questions about what your previous plan reported to Medicare, you should contact your previous plan. If you have questions about other information contained in this letter, or would like more information about the late enrollment penalty, you can call *<Plan Name>* at *<toll- free number> <days and hours of operation>*. TTY users can call *<toll-free TTY number>*. You can also get information by calling 1-800-MEDICARE (1-800-633-4227). TTY users can call 1-877-486-2048.

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