

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



DATE: July 23, 2007

TO: All Medicare Advantage Organizations, Prescription Drug Plans, Cost Plans, PACE Organizations and Demonstrations

FROM: Thomas E. Hutchinson
Director, Medicare Plan Payment Group

SUBJECT: **Update on the 2006 Premium Withholding Reconciliation (PWR) including file layouts for new ad-hoc member level report**

Background and status update

On May 4, 2007, CMS issued the memorandum “Status of 2006 Premium Withholding Reconciliation”. In this document we alerted you to CMS’ intentions with respect to reconciling remaining 2006 premium withholding issues. This reconciliation involves CMS comparing the following: 1) “Expected Withholding” information extracted from MARx Premium Profile table; 2) “Actual Withholding” information loaded from the 2006 Social Security Administration monthly actual withholding files; and 3) “Paid information” from the Monthly Premium Withholding Extract (MPWE) files used to pay the plans. The PWR populations have been segmented into the following high-level categories:

- Cleared Beneficiaries – No action needed;
- Plan Level Adjustment Beneficiaries– No beneficiary action needed, one or more plan level adjustments are needed;
- Refund Beneficiaries – Beneficiaries are due a refund and may have one or more plan level adjustments; and
- Invoice (To Be Collected) Beneficiaries – Beneficiary owes money to one or more plans and may have one or more plan level adjustments.

Detailed description of PWR populations

The following details provide more explanation of all the specific subsets of the PWR population from the beneficiary perspective and then the plan payment perspective:

- 1) **Refund Beneficiaries Accepted by the Social Security Administration (SSA) in July Current Operating Month (COM):** This subset of beneficiaries had more money withheld than what was expected for their plan premiums. This population excludes those beneficiaries that were both sent to SSA and rejected. These beneficiaries will receive both a letter and a refund from SSA most likely in July.

- 2) **Rejected Refund Beneficiaries Sent To SSA in July COM:** This subset of refund beneficiaries needs to be fixed and resent. There are MARx cleanups and a SSA software fix needed to resolve the issues causing the reject of these transactions. Once they are complete, these beneficiaries will be sent to SSA for processing during the subsequent SSA COM.
- 3) **Refund Beneficiaries Excluded From July COM:** This subset of beneficiaries had more money collected than what was expected to be collected, but were not sent to SSA during SSA's July COM because of Out-of-Sync conditions identified by MARx. Once the out-of-sync conditions have been resolved the beneficiaries can be scheduled to be sent to SSA during the next available COM.
- 4) **Direct Bill Invoice Beneficiaries:** This subset of beneficiaries did not have any money withheld during 2006, despite being in withholding status for one or more months, and owe one or more plans. MARx will set the Premium Payment Option (PPO) for these beneficiary/plan combinations to "Direct Bill" and be included on the weekly Transaction Reply Report (TRR).
- 5) **Standard and Complex Invoice Beneficiaries:** This subset of beneficiaries did not have enough withheld during 2006 and owe one or more plans. MARx will not reflect that the plans will be billing beneficiaries for any net amounts still owed. These amounts can be identified via the ad-hoc PWR report described below.
- 6) **Plan Level Adjustments for Refund Beneficiaries Accepted by SSA in July COM:** This subset of beneficiaries had more money collected than what was expected to be collected and the associated plans either were not paid or the wrong amount was paid. Plan adjustments that will take back money from plans that were overpaid and pay money to plans that were underpaid will be made. The CMS ad-hoc PWR report will reflect the plan level adjustments.
- 7) **Plan Level Adjustments Only Beneficiaries:** This subset of beneficiaries had the correct amount withheld, but the associated plan(s) either were not paid or the wrong amount was paid. The appropriate plan payment adjustments will be made and reflected in the ad-hoc PWR report.
- 8) **Plan Level Adjustments for Direct Bill Invoice Beneficiaries:** This subset of beneficiaries did not have enough withheld and the associated plans either were not paid or the wrong amount was paid. The appropriate plan payment adjustments will be made and reflected in the ad-hoc PWR report.
- 9) **Plan Level Adjustments for Standard and Complex Invoice Beneficiaries:** This subset of beneficiaries did not have enough withheld and the associated plans either were not paid or the wrong amount was paid. The appropriate plan payment adjustments will be made and reflected in the ad-hoc PWR report.
- 10) **231K Population:** Approximately 231,000 beneficiaries erroneously received a refund during 2006. This subset of beneficiaries had premium activity that occurred outside the normal monthly process involving special payments and recouped funds. The reconciliation will incorporate the special payment into the paid data, the recouped funds into the collected data, and alter the expected data (in the ad-hoc PWR report) to match the recouped funds. Once this is complete, CMS will execute the reconciliation for all categories of beneficiaries in this group.

- 11) Other Excluded:** This subset of beneficiaries has been identified as requiring cleanups in MARx. Once the cleanups have been completed, CMS will execute the reconciliation for this group.

Waiving premiums versus writing off bad debts

In the preamble to the Part D final rule CMS stated that “in order to maintain the integrity of the bidding process, we believe that it is no longer appropriate to allow either MA organizations or PDP sponsors to waive premiums or offer mid-year enhancements as they will be de facto adjustments to benefit packages for which bids were submitted earlier in the year. These adjustments would be de facto acknowledgement that the revenue requirements submitted by the plan were overstated. Allowing premium waivers or mid year benefit enhancements would render the bid meaningless”.¹ We further noted in the Part D preamble² that premium waivers are prohibited because the uniform premium requirements at sections 1854 (c) and 1860D-13 (1)(F) of the Social Security Act (“the Act”) mandate that premiums be the same for all enrollees except for applicable beneficiary level adjustments such as the low-income premium subsidy.

In contrast to waiving premiums, several plans have made inquiries concerning bad debt write-offs. The most common concern involves the cost of continuing to chase after premium amounts that will yield little or no net income after the cost of collection is accounted for. Write-offs can be easily distinguished from waivers in that the former involves a legitimate attempt to collect premiums, whereas the latter does not. In other words, if a plan has billed a member and the member subsequently does not pay, then the plan can make a business decisions to write-off the debt.

Payment plans via direct bill

For members that still owe premium amounts for 2006, CMS recommends that plan be flexible with their billing. Plans should take into consideration that the member may be under considerable financial hardship paying both the current premium and any applicable 2006 premium.

Involuntary disenrollment

CMS reminds plans to carefully review the March 23, 2007 HPMS memorandum entitled, “Clarification of Involuntary Disenrollment Policy for Beneficiaries Who Elect Social Security Premium Withholding”. This document provides clarification on the involuntary disenrollment policy for failure to pay premiums. The document is available online at: http://www.cms.hhs.gov/PrescriptionDrugCovContra/downloads/MemoDisenrolPremWithhold_03.23.07.pdf

Ad-hoc special PWR report

The special reconciliation report will be pushed to the plans using the normal GENTRAN process. The file layouts for this report are provided in Attachments A and B. Note, that these special reports are in addition to the standard plan communications (e.g. Monthly Membership Report).

¹ Federal Register, Vol. 70, No. 18, P.4301

² Federal Register, Vol. 70, No. 18, P.4208

Contacts

Please direct issues or concerns about the related file transfers to the MMA Help Desk at mmahelp@cms.hhs.gov or 1-800-927-8069. For all other questions or comments please contact Mark Newsom at 410-786-3198 mark.newsom@cms.hhs.gov or Bobbie Knickman at 410-786-4161 bobbie.knickman@cms.hhs.gov.

Contract Summary File Layout

The following layouts present the data that CMS would transmit to the plans when communicating beneficiary information. The layout below is the aggregate of all the beneficiary data for the specific contract.

(Note: All fields are comma delimited.)

Data Category	Field	Size	Position	Description
	1. Record Type	1	1	Plan Summary Record
	2. Contract Number	5	3-7	Plan Contract Identifier
	3. Total Annual Expected Part C Premium	13	9-21	Format (+000000009.99)
	4. Total Annual Expected Part D premium	13	23-35	Format (+000000009.99)
	5. Total Annual Expected Part C+D Premium	13	37-49	Format (+000000009.99)
	6. Total Annual Paid Part C Premium	13	51-63	Format (+000000009.99)
	7. Total Annual Paid Part D premium	13	65-77	Format (+000000009.99)
	8. Total Annual Paid Part C+D Premium	13	79-91	Format (+000000009.99)
	9. Total Annual Withheld Part C Premium	13	93-105	Format (+000000009.99)
	10. Total Annual Withheld Part D premium	13	107-119	Format (+000000009.99)
	11. Total Annual Withheld Part C+D Premium	13	121-133	Format (+000000009.99)
Adjustment Amounts	12. Total Part C Adjustment Amount	13	135-147	Format (+000000009.99)
	13. Total Part D Adjustment Amount	13	149-161	Format (+000000009.99)
Amount Owed	14. Total Part C Amount Owed	13	163-175	Format (+000000009.99)
	15. Total Part D Amount Owed	13	177-189	Format (+000000009.99)
Amount Refunded	16. Total Part C Amount Refunded	13	191-203	Format (+000000009.99)
	17. Total Part D Amount Refunded	13	205-217	Format (+000000009.99)

Data Category	Field	Size	Position	Description
Year	18. Year	4	219 – 222	

Beneficiary Detail File Layout

The following layouts present the data that CMS would transmit to the plans when communicating beneficiary information. The following layout represents the detail record for the entire year for each beneficiary.

(Note: All fields are comma delimited.)

Data Category	Field	Size	Position	Description
	1. Record Type	1	1	Beneficiary Plan Detail Record
Beneficiary and Plan Demographics	2. SSN	9	3-11	SSN
	3. HIC	12	13-24	Claim Account Number
	4. First Name	15	26-40	
	5. Middle Initial	1	42	
	6. Last Name	20	44-63	
	7. Birth Date	10	65-74	MM/DD/YYYY
	8. Sex Code	1	76	M For Male and F for Female
	9. Beneficiary Status	1	78	N – No Action O – Beneficiary Owes Plan R – SSA Refund
	10. Plan Status	1	80	N – No Action P – Adjustment due to plan underpayment C – Adjustment due to CMS overpayment
	11. Plan Number	11	82-92	Plan (Contract/PBP/Segment)
Annual Totals	12. Annual Expected Part C Premium	11	94-104	Format (+0000009.99)
	13. Annual Expected Part D premium	11	106-116	Format (+0000009.99)
	14. Total Annual Expected Part C+D Premium	11	118-128	Format (+0000009.99)
	15. Annual Paid Part C Premium	11	130-140	Format (+0000009.99)
	16. Annual Paid Part D premium	11	142-152	Format (+0000009.99)
	17. Total Annual Paid Part C+D Premium	11	154-164	Format (+0000009.99)
	18. Annual Withheld Part C Premium	11	166-176	Format (+0000009.99)
	19. Annual Withheld Part D premium	11	178-188	Format (+0000009.99)
	20. Total Annual Withheld Part C+D Premium	11	190-200	Format (+0000009.99)

Data Category	Field	Size	Position	Description
Adjustment Amounts	21. Total Part C Adjustment Amount	11	202-212	Format (+0000009.99) If Plan Status = P, then amount will be positive. If Plan Status = C, then amount will be negative.
	22. Total Part D Adjustment Amount	11	214-224	Format (+0000009.99) If Plan Status = P, then amount will be positive. If Plan Status = C, then amount will be negative.
Amount Owed	23. Total Part C Amount Owed	11	226-236	Format (+0000009.99)
	24. Total Part D Amount Owed	11	238-248	Format (+0000009.99)
Amount Refunded	25. Total Part C Amount Refunded	11	250-260	Format (+0000009.99)
	26. Total Part D Amount Refunded	11	262-272	Format (+0000009.99)
Part C Expected Detail Data	27. Expected Part C Premium for January	11	274-284	Format (+0000009.99)
	28. Expected Part C Premium for February	11	286-296	Format (+0000009.99)
	29. Expected Part C Premium for March	11	298-308	Format (+0000009.99)
	30. Expected Part C Premium for April	11	310-320	Format (+0000009.99)
	31. Expected Part C Premium for May	11	322-332	Format (+0000009.99)
	32. Expected Part C Premium for June	11	334-344	Format (+0000009.99)
	33. Expected Part C Premium for July	11	346-356	Format (+0000009.99)
	34. Expected Part C Premium for August	11	358-368	Format (+0000009.99)
	35. Expected Part C Premium for September	11	370-380	Format (+0000009.99)
	36. Expected Part C Premium for October	11	382-392	Format (+0000009.99)
	37. Expected Part C Premium for November	11	394-404	Format (+0000009.99)
	38. Expected Part C Premium for December	11	406-416	Format (+0000009.99)

Data Category	Field	Size	Position	Description
Part D Expected Detail Data	39. Expected Part D Premium for January	11	418-428	Format (+0000009.99)
	40. Expected Part D Premium for February	11	430-440	Format (+0000009.99)
	41. Expected Part D Premium for March	11	442-452	Format (+0000009.99)
	42. Expected Part D Premium for April	11	454-464	Format (+0000009.99)
	43. Expected Part D Premium for May	11	466-476	Format (+0000009.99)
	44. Expected Part D Premium for June	11	478-488	Format (+0000009.99)
	45. Expected Part D Premium for July	11	490-500	Format (+0000009.99)
	46. Expected Part D Premium for August	11	502-512	Format (+0000009.99)
	47. Expected Part D Premium for September	11	514-524	Format (+0000009.99)
	48. Expected Part D Premium for October	11	526-536	Format (+0000009.99)
	49. Expected Part D Premium for November	11	538-548	Format (+0000009.99)
	50. Expected Part D Premium for December	11	550-560	Format (+0000009.99)
Part C Paid Detail Data	51. Paid Part C Premium for January	11	562-572	Format (+0000009.99)
	52. Paid Part C Premium for February	11	574-584	Format (+0000009.99)
	53. Paid Part C Premium for March	11	586-596	Format (+0000009.99)
	54. Paid Part C Premium for April	11	598-608	Format (+0000009.99)
	55. Paid Part C Premium for May	11	610-620	Format (+0000009.99)
	56. Paid Part C Premium for June	11	622-632	Format (+0000009.99)
	57. Paid Part C Premium for July	11	634-644	Format (+0000009.99)
	58. Paid Part C Premium for August	11	646-656	Format (+0000009.99)

Data Category	Field	Size	Position	Description
	59. Paid Part C Premium for September	11	658-668	Format (+0000009.99)
	60. Paid Part C Premium for October	11	670-680	Format (+0000009.99)
	61. Paid Part C Premium for November	11	682-692	Format (+0000009.99)
	62. Paid Part C Premium for December	11	694-704	Format (+0000009.99)
Part D Paid Detail Data	63. Paid Part D Premium for January	11	706-716	Format (+0000009.99)
	64. Paid Part D Premium for February	11	718-728	Format (+0000009.99)
	65. Paid Part D Premium for March	11	730-740	Format (+0000009.99)
	66. Paid Part D Premium for April	11	742-752	Format (+0000009.99)
	67. Paid Part D Premium for May	11	754-764	Format (+0000009.99)
	68. Paid Part D Premium for June	11	766-776	Format (+0000009.99)
	69. Paid Part D Premium for July	11	778-788	Format (+0000009.99)
	70. Paid Part D Premium for August	11	790-800	Format (+0000009.99)
	71. Paid Part D Premium for September	11	802-812	Format (+0000009.99)
	72. Paid Part D Premium for October	11	814-824	Format (+0000009.99)
	73. Paid Part D Premium for November	11	826-836	Format (+0000009.99)
	74. Paid Part D Premium for December	11	838-848	Format (+0000009.99)
Part C Withheld Detail Data	75. Withheld Part C Premium for January	11	850-860	Format (+0000009.99)
	76. Withheld Part C Premium for February	11	862-872	Format (+0000009.99)

Data Category	Field	Size	Position	Description
	77. Withheld Part C Premium for March	11	874-884	Format (+0000009.99)
	78. Withheld Part C Premium for April	11	886-896	Format (+0000009.99)
	79. Withheld Part C Premium for May	11	898-908	Format (+0000009.99)
	80. Withheld Part C Premium for June	11	910-920	Format (+0000009.99)
	81. Withheld Part C Premium for July	11	922-932	Format (+0000009.99)
	82. Withheld Part C Premium for August	11	934-944	Format (+0000009.99)
	83. Withheld Part C Premium for September	11	946-956	Format (+0000009.99)
	84. Withheld Part C Premium for October	11	958-968	Format (+0000009.99)
	85. Withheld Part C Premium for November	11	970-980	Format (+0000009.99)
	86. Withheld Part C Premium for December	11	982-992	Format (+0000009.99)
Part D Withheld Detail Data	87. Withheld Part D Premium for January	11	994-1004	Format (+0000009.99)
	88. Withheld Part D Premium for February	11	1006-1016	Format (+0000009.99)
	89. Withheld Part D Premium for March	11	1018-1028	Format (+0000009.99)
	90. Withheld Part D Premium for April	11	1030-1040	Format (+0000009.99)
	91. Withheld Part D Premium for May	11	1042-1052	Format (+0000009.99)
	92. Withheld Part D Premium for June	11	1054-1064	Format (+0000009.99)
	93. Withheld Part D Premium for July	11	1066-1076	Format (+0000009.99)
	94. Withheld Part D Premium for August	11	1078-1088	Format (+0000009.99)
	95. Withheld Part D Premium for September	11	1090-1100	Format (+0000009.99)
	96. Withheld Part D Premium for October	11	1102-1112	Format (+0000009.99)

Data Category	Field	Size	Position	Description
	97. Withheld Part D Premium for November	11	1114-1124	Format (+0000009.99)
	98. Withheld Part D Premium for December	11	1126-1136	Format (+0000009.99)