

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



CENTER FOR DRUG AND HEALTH PLAN CHOICE

TO: All Part D Sponsors

FROM: Cynthia Tudor, Ph.D., Director, Medicare Drug Benefit and C & D Data Group

RE: Update on the 2009 Model Explanation of Benefits

DATE: February 09, 2009

On April 11, 2008, CMS issued a final model explanation of benefits (EOB) for sponsors to use in creating new EOBs effective mid-2008. Included with that memorandum was an example of how to populate the model's "Summary of Your Year-To-Date Medicare Prescription Drug Costs" chart. Since the release of the final model EOB, we have been working with sponsors and their processors to further clarify the calculations necessary for correctly and uniformly populating this chart for a variety of benefit designs, as well as for enrollees with secondary coverage.

Attached to this memorandum is a summary of the calculations sponsors should use to populate the summary chart. In addition, attached are 9 different examples for a variety of benefit designs, LIS status, and secondary coverage situations using CY2009 Part D benefit parameters.

We expect sponsors to implement any programming changes necessary to ensure EOB summary tables are displaying consistent with these calculations no later than the July 2009 EOB (which should summarize year-to-date benefits received in May 2009). We believe this timeframe will allow ample time for sponsors and their processors to make any necessary changes. Sponsors that are compliant with these calculations prior to the release of the July 2009 EOB may implement those changes earlier.

We also expect that sponsors will issue a one-time communication to their enrollees advising them of any changes in the display of the summary chart and clarifying that this display change does not affect their progression through the benefit. Sponsors will not need to submit this communication to CMS for review and may issue it in any of a variety of formats, provided affected beneficiaries are sent notice no later than the date any calculation changes are implemented.

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.