

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



CENTER FOR MEDICARE

TO: Prescription Drug Plan (PDP) Sponsors (excluding 800-series *only* contracts and individual-market contracts operating exclusively in Puerto Rico)

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

SUBJECT: 2011 LIS Grace Period Policies

DATE: December 9, 2010

In the October 1, 2010 HPMS memorandum entitled *Re-Determination of Low-Income Subsidy (LIS) Eligibility for 2011*, CMS reminded Part D Sponsors of their discretionary authority to offer an optional grace period to beneficiaries who will no longer automatically qualify for the Part D Low Income Subsidy (LIS) in 2011, but are able to demonstrate they have applied for LIS. Historically, a significant percentage of beneficiaries who lost their deemed status, and applied for extra help, were subsequently approved.

To ensure that CMS has a complete and accurate understanding of each PDP sponsor's grace period policy, we are once again asking PDP sponsors to provide CMS with information about their grace period policies and procedures. The information you provide will assist CMS and its program partners with addressing beneficiary-specific inquiries related to this subject matter, particularly at the start of the calendar year. Attachment A provides the list of questions we are asking on this topic; however, as described below, we will only accept your responses electronically via our secure online monitoring site.

Therefore, by **December 20, 2010**, please log into our secure online monitoring site (instructions below) to answer a few short questions about your contract's grace period policies and procedures. Simultaneous to the release of this memo, CMS is sending an email from DrugBenefitImpl@cms.hhs.gov to each PDP Compliance Officer with the link to the Grace Period Policy Inquiry tool. Please click on the link in that email to complete and submit the tool electronically to CMS.

We are aware that some organizations will not receive the email due to firewall constraints. If your organization's Compliance Officer did not receive the email notification, or if it is more convenient for you, paste the following link into your web browser to access and complete the tool:

<http://vovici.com/wsb.dll/s/11dc4g482dc>

Please note that your organization's Unique ID for accessing the tool is your CMS contract number (e.g., S0000). For security reasons, you must also enter your organization's compliance officer's email address in the password field. If you need technical assistance accessing the tool, please contact Sara Brandenburg at sara.brandenburg@cms.hhs.gov.

Organizations with more than one contract number may complete the tool once for each contract number, or alternatively, if responses are identical across contract numbers, send an email to drugbenefitimpl@cms.hhs.gov stating the contract number for which the tool was completed, and listing the other contract number(s) to which the responses apply.

Also note that CMS caseworkers will use the CMS Casework Communication Contact in HPMS for grace period related casework. Please ensure that all of your contacts in HPMS are up-to-date. Thank you for your cooperation in working with CMS to ensure a smooth transition to the new benefit year.

Attachment A: Grace Period Policy Inquiry

Note: Please submit your responses electronically to CMS by using your contract number (unique ID) and compliance officer's e-mail address (E-Mail) to log into:

<http://vovici.com/wsb.dll/s/11dc4g482dc>

The purpose of this inquiry is to identify whether your organization intends to offer a grace period for the collection of premiums and cost-sharing to those beneficiaries who will no longer automatically qualify for the low-income subsidy in 2011. CMS intends to share your responses with caseworkers and CMS regional offices in order to best help beneficiaries during the open enrollment period. Thank you for your assistance in providing this information to us.

1) Does your organization intend to offer a grace period for the collection of premiums and cost-sharing to individuals who will no longer automatically qualify for the low-income subsidy (LIS) in 2011?

- No
- Yes (Will automatically skip to question #3)
- Unsure at this time (Will automatically skip to question #5)

2) Why did your organization decide to not offer a grace period?

(End of questions if answer to #1 is "no.")

3) How long does your organization intend to offer the grace period (CMS allows a maximum of 3 months)?

- One month
- Two months
- Three months

4) How does your organization intend to confirm that the individual has applied for LIS prior to invoking the grace period?

- Verbally
- In writing
- Other (please specify)

If you selected other, please specify:

(End of questions if answer to #1 is "yes.")

5) By what date does your organization expect to make the decision whether or not to offer a grace period? (Note - we will re-issue this inquiry after the date that you enter.)

We appreciate your cooperation. Thank you!