



Information Partners Can Use on:

## PREMIUM WITHHOLD ISSUES

Medicare Prescription Drug Coverage

As of October 2006

Some Medicare drug plan or Medicare Advantage Plan premiums for people with Medicare were incorrectly withheld from monthly Social Security benefit payments or were not withheld at all. Medicare is sending letters this month to those whose premium withhold issues have been resolved and whose November payment is, therefore, significantly affected. The people affected will get one letter based on their situation that explains how Medicare and Social Security are resolving this issue. Please note that people affected by these issues still have their Medicare health care and drug coverage.

These issues will affect people in one of two ways:

- **Some people will get a refund.** There are two reasons why someone would get a refund:
  1. The way the person pays their premium changed from premium withheld to a “direct bill” status. This means that in November, they will get a refund for all of the premiums withheld to date and no premiums will be withheld from their Social Security payment. Instead, the plan will bill the person for their premium. It’s a good idea for people to put this money aside for when they need to pay the plan directly. They can pay all of what they owe at once if they choose, but the plan can’t require this.
  2. The person switched plans and has been having their original plan’s premium withheld from their Social Security payment. Because their original plan’s premium is greater than their current plan’s premium, they are owed a refund. Starting in November, the correct premium amount will be withheld from their payment.
- **Some people will get less in their November Social Security payment.** This is because we will withhold the premium amount that they owe for November and any previous months’ premiums that weren’t fully withheld. Beginning in December, the correct premium for one month will be withheld from Social Security payments for people whose premium withhold issue was resolved in their November Social Security payment.

Continued on back



### A change to the premium amount withheld from a person's November Social Security payment will be made if the person

- had an incorrect amount withheld periodically over the course of the year. In this case, the person may get a refund in their November payment, or their November payment may be less.
- had no amount withheld periodically over the course of the year, but an amount should have been withheld.

If the person has a change to the premium amount withheld from their November Social Security payment, and they have paid all or a portion of their premium directly to the plan, they should contact the plan for a refund. Medicare will pay the plan the owed premiums that were withheld from Social Security payments.

#### Notes:

- A small number of people who got a refund from Medicare and their premium withholding was stopped by mistake (they were notified about this in a letter dated August 18, 2006) will see a change in their November payment. This change is necessary because when we tried to re-start their premium withholding, we were unable to withhold September and October premiums. As a result, their November payment will reflect withholds for their November premium, as well as their September and October plan premiums.
- Please note that if someone's premium withhold option was stopped and changed to direct bill, **and** they still wish to have their premiums withheld from their Social Security payment, they must contact the plan. It can take up to three months to process the withhold request.

### For More Information

Call 1-800-MEDICARE (1-800-633-4227) to ask questions. TTY users should call 1-877-486-2048.