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Special: **PEMHCA Employers**

Circular Letter

TO: PUBLIC EMPLOYEES' MEDICAL AND HOSPITAL CARE ACT
CONTRACTING AGENCY (PEMHCA) BILLING PERSONNEL

SUBJECT: KAISER PERMANENTE LOW INCOME SUBSIDY REFUND PAYMENTS
FOR MEDICARE PART D

Why did I receive this Circular Letter?

Beginning in April 2007, Kaiser Permanente (Kaiser) will mail monthly Low Income Subsidy (LIS) refund payments for that portion of its Senior Advantage health care premium representing prescription drug coverage provided pursuant to Medicare Part D. These LIS refund payments will be mailed to some contracting agencies and certain CalPERS members enrolled in Kaiser's Senior Advantage health benefits plan. This letter informs you of this process and what it means for you and your Medicare enrolled members.

What is Low Income Subsidy for Medicare Part D?

Individuals who have limited income and resource levels are not required to pay all or some portion of their Medicare Part D premium or deductible. The LIS provides assistance to Medicare-eligible individuals meeting specified low-income and resource requirements established by the Centers for Medicare & Medicaid Services (CMS).

Determinations of LIS eligibility are made by a state if the application is made through the state Medicaid Agency (MediCal in California) or by the Social Security Commissioner if the application is made through the Social Security Administration.

Why is Kaiser Permanente sending checks to contracting agencies?

Kaiser's Senior Advantage health benefits plan is a Medicare Advantage Prescription Drug Plan (MA-PD) providing health benefits as well as prescription drug coverage pursuant to Medicare Part D. **With respect to LIS-eligible enrollees only**, CMS pays Kaiser a specified subsidy amount for that portion of the Senior Advantage premium representing coverage for Part D benefits. CMS expects the Part D premium subsidy to be used to reduce the member's prescription drug premium contribution.

In cases where a LIS-eligible member provides little or no contribution toward their health care premium, CMS expects Kaiser to reimburse the member's employer for the remainder of the LIS amount that Kaiser was paid by CMS for that member.

How and when does the reimbursement process work?

Kaiser will mail the monthly LIS refund payment based on member qualifications, beginning in late April 2007. The first LIS refund payment will be for the period from January 2006 through April 2007, and you should receive any applicable LIS refund payment for that period by May 8, 2007. Subsequent monthly checks will be based on member LIS qualifications for that coverage month.

How can I find out if my public agency should receive a check?

If you think your agency should have received a LIS check and did not by May 8, 2007, please contact Kaiser's Customer Service Center at 1-800-731-4661, ext 3387, or direct at (858) 614-3387.

Where should I refer my members who ask about refund checks?

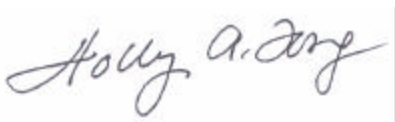
You may refer your members to Kaiser's Member Services at **1-800-443-0815**.

Where can I get more information?

For questions about LIS qualifications, call CMS at 1-800-633-4227.

For questions about public agency LIS refunds, call Kaiser's Customer Service Center at 1-800-731-4661, ext 3387, or direct at (858) 614-3387.

For questions from LIS members, refer them to Kaiser's Member Services at **1-800-443-0815**.



Holly A. Fong, Chief
Office of Employer and Member Health Services