

60.3.4.1¹- Process for Good Cause Determinations for Nonpayment of Plan Premiums

Pursuant to 42 CFR 422.74(d), CMS has assigned the handling of good cause determinations to plans.

When a disenrolled individual initially contacts the MA organization following disenrollment for failure to pay plan premiums and indicates that he or she “has a good reason for not having paid the premiums”, the MA organization must:

- Confirm that the request for reinstatement is being made within 60 calendar days of the disenrollment effective date;
- Inform the individual that reinstatement is a possibility only if it is determined that his or her failure to make timely payment was due to circumstances over which he or she had no control and could not reasonably have been expected to foresee;
- Obtain a credible statement from the individual regarding the circumstance that prevented him or her from making timely payment; and
- Obtain affirmation from the individual indicating his or her willingness and ability to pay all overdue plan premiums within three (3) months of the disenrollment date in order for reinstatement to occur.

If all of these preliminary requirements are not met, the individual is not eligible to be considered for reinstatement for good cause. An individual may not make more than one reinstatement request for good cause during the same 60-day period. For example, an individual requesting reinstatement indicates that he had no unusual or unexpected circumstance that caused the nonpayment of premiums and the plan determines that he does not qualify for his case to be reviewed under good cause. The plan is expected to clearly communicate that the individual’s request will not be reviewed because the situation does not meet the criteria (e.g., not unusual or unexpected). The individual remains disenrolled and may not make another request for good cause during the same 60-day period following the involuntary disenrollment.

If all of the above criteria are met, the plan will review the request and will make a favorable or unfavorable good cause determination. CMS expects that plans make such determinations within five (5) business days of initial receipt of the request, so that the individual has a reasonable amount of time to make full payment for reinstatement. For requests received by mail, the initial request is considered received by the plan at the time it arrives in the organization’s mailbox or mailroom. For requests received by fax, the initial request is considered received by the plan at the time when the fax is received on the organization’s fax machine. For requests received by telephone, the initial request is considered received by the plan at the time the organization’s representative receives the incoming call.

There is no additional time allotted for plans to gather information not collected at the point of initial contact. Plans would need to collect any additional data they feel is needed to make a determination and make that determination within five (5) business days of the date on which the individual first contacts the plan. In such cases where the plan does not have sufficient information to determine if the member’s circumstances meet the requirements, it should make a

¹ <https://www.cms.gov/files/document/cy2021-ma-enrollment-and-disenrollment-guidance.pdf>

good faith effort to collect it within that timeframe (e.g., making multiple attempts on different days or at different times). However, if attempts are unsuccessful, the plan must use the information provided with the initial request to make its determination.

If the plan makes a favorable determination and there are amounts owed to the plan for past due premiums, the plan should notify the individual of this decision within three (3) business days of making the determination. If the plan offers immediate payment options, such as payment by credit card via phone, it may provide the notification verbally; however, if the individual does not complete the payment at that time, the plan should issue a written notice to ensure that the individual has the information necessary to pay the owed amounts. This notice will specify the amount owed (i.e., the premiums owed at the time of disenrollment), the date by which payment must be received for reinstatement (i.e., last day of the third month following the disenrollment effective date), where to send payment, and/or other payment options such as credit card or direct withdrawal from a bank account, if offered by the plan. (See Exhibit 22b).

If, at the time the plan makes a favorable determination, there are no amounts owed to the plan for past due premiums, the plan should notify the individual of this decision either verbally or in writing within three (3) business days of making the determination. Exhibit 22e is a model notice for the scenario in which an individual receives a favorable good cause determination and has already paid the amount required for reinstatement. If verbal notification is attempted but unsuccessful, a written notice should be provided. Verbal notification must be documented by the plan to meet CMS' retroactive processing contractor reinstatement submission requirements.

If the plan makes an unfavorable determination, the plan should notify the individual of this decision by phone or in writing within three (3) business days of making the determination.

If an individual has received a favorable good cause determination, reinstatement in CMS systems may not occur until and unless all required payments are made within three (3) months of the disenrollment effective date. If the individual pays all the owed amounts prior to the three-month deadline, the plan should resume coverage at that time and submit the reinstatement request to the CMS Retroactive Processing Contractor.

Plans have additional time beyond the deadline (i.e., three (3) months from the disenrollment effective date) to verify payment by the bank and credit the payment to the member's account with the plan. To provide adequate protections for individuals who make timely payment of their owed amounts, plans have five (5) calendar days beyond the payment deadline to process the payment and submit the reinstatement request to the CMS Retroactive Processing Contractor.

Reinstatements for good cause are considered complete by CMS when TRC 287 (Enrollment Reinstated) is sent by CMS to the plan.

Within ten (10) calendar days of receipt of DTRR confirmation of the individual's reinstatement, the organization must send the member notification of the reinstatement (Exhibit 25a). In an effort to prevent members from falling behind in premium payments in the future, plans are encouraged to educate them on any automated payment mechanisms their plan offers, as well as the availability of selecting automatic premium withhold through their SSA or RRB benefits.

An individual may not be reinstated in cases where:

- the individual pays all plan premiums owed, but does not receive a favorable good cause determination; or
- the individual receives a favorable good cause determination, but does not pay the plan premiums owed within three (3) months of the disenrollment effective date.

In both of these cases, the plan may re-enroll the individual for a prospective enrollment effective date at the individual's request only if he or she has a valid election period (i.e., AEP, SEP, etc.), following enrollment procedures outlined in Sections 30 and 40.

Example A: Mr. Smith is disenrolled for failure to pay plan premiums on April 1. Mr. Smith contacts the plan and makes his request for reinstatement on April 15 and receives a favorable good cause determination on April 23. The plan notifies Mr. Smith of the amount he owes by June 30 in order to be reinstated into the plan. Mr. Smith pays the amount due on June 15. Mr. Smith is reinstated into the plan. (Note: If Mr. Smith did not pay his owed amount by June 30, he would not be reinstated.)

Example B: Mr. Smith is disenrolled by the plan for failure to pay plan premiums on July 1. Mr. Smith mails in his past due amounts to the plan on July 30. He contacts the plan and makes his request on August 10, and does not receive a favorable good cause determination. Mr. Smith may not be reinstated.

Example C: Mr. Smith is disenrolled by the plan for failure to pay plan premiums on November 1. Mr. Smith mails in his owed amounts to the plan on December 15, but does not contact the plan to request reinstatement. Thus, Mr. Smith does not have a favorable good cause determination, and he may not be reinstated.

NOTE: In cases where the involuntary disenrollment for failure to pay plan premiums is the result of plan error, plans should follow the reinstatement process outlined in Section 60.3.3. Plans should not refer these individuals to 1-800-MEDICARE, nor should these cases be considered for reinstatement good cause.

Exhibit 22b: Model Notice on Favorable Good Cause Determination for Disenrollment Due to Nonpayment of Plan Premiums – Notification of Plan Premium Amount Due for Reinstatement

Referenced in section: 60.3.4

(Rev. 1, Issued: July 31, 2018; Effective/Implementation: 01-01-2019)

Dear <Beneficiary Name>:

We reviewed your request to get your coverage back, and your request has been approved. Our records show that we haven't gotten payment for your plan premium as of <premium due date>. In order for your coverage to be reinstated, we must receive payment in the amount of **<enter amount owed> no later than <date 3 months from the effective date of disenrollment>**.

[MA organizations that include a payment coupon with the letter, insert the following sentences: You can mail your payment to us using the enclosed coupon. Be sure to make full payment of your owed amount and include your member number on the check.]

*[MA organizations that do not include a payment coupon with the letter, insert the following sentences: You can mail your payment to us at the following address: <billing address>. Be sure to make full payment of your owed amount and include your name and *[insert one: member number/billing number/ID number]* on the check.]*

If we don't get payment by <date 3 months from the effective date of disenrollment>, you will remain disenrolled from <plan name>. You will be covered by Original Medicare instead of <plan name>.

When can I make changes to how I get my Medicare coverage?

Medicare limits when you can make changes to your coverage. **From October 15 through December 7 each year**, you can enroll in a new Medicare Prescription Drug Plan or Medicare health plan for the following year. You may not enroll in a new plan during other times of the year unless you meet certain special exceptions, such as you move out of the plan's service area, want to join a plan in your area with a 5-star rating, or you qualify for (or lose) Extra Help with your prescription drug costs.

[MA-PD plans insert: Please remember, if you don't have other creditable coverage (prescription drug coverage that is expected to pay on average as much as Medicare), you may have to pay a Part D late enrollment penalty if you enroll in Medicare prescription drug coverage in the future.]

[Dual-eligible SNPs may omit the following paragraph:

People with limited incomes may qualify for Extra Help to pay for their prescription drug costs. If you qualify, Medicare could pay for 75% or more of your drug costs including monthly prescription drug premiums, annual deductibles, and co-insurance. Additionally, those who qualify won't have a coverage gap or a Part D late enrollment penalty. Many people qualify for these savings and don't even know it. For more information about this Extra Help, contact your local Social Security office, or call Social Security at 1-800-772-1213. TTY users should call 1-800-325-0778. You can also apply for Extra Help online at www.socialsecurity.gov/prescriptionhelp.]

For more information:

If you have any questions regarding the plan premium amount you owe and how you can pay, please call us at <phone number> between <hours and days of operation>. TTY users should call <TTY number>.

For questions about making changes to the way you get Medicare, call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

Thank you.

Exhibit 22e: Model Notice on Favorable Good Cause Determination for Disenrollment Due to Nonpayment of Plan Premiums (No Plan Premium Amount Due for Reinstatement)

Referenced in section: 60.3.4.1

<Member # >

[Insert RxID, RxGroup, RxBin and RxPCN if individual is being reinstated into Part D coverage]

Dear <Beneficiary Name>:

We reviewed your request to get your coverage back, and your request has been approved. Our records show that we received the plan premium you needed to pay in order for your coverage to be reinstated.

We have updated our records to show that you are enrolled in <plan name> with no break in coverage. We will ask Medicare to correct its records to show the same.

You should keep using your <plan name> primary care physician for your health care. *(If PCP not applicable, terms such as “physicians” or “doctors” or “providers” may be used instead of “primary care physician.”)*

If you have any questions about your plan premium and how you can pay, please call us at <phone number> between <hours and days of operation>. TTY users should call <TTY number>.

Thank you for your continued membership in <plan name>.

Exhibit 25a -Model Acknowledgment of Reinstatement

Dear <member name>:

Please be sure to keep a copy of this letter for your records.

Medicare has enrolled you back in <plan name> with no break in coverage as of <effective date>.

[If PCP not applicable, omit following sentence. Terms such as “physicians” or “doctors” or “providers” may be used instead of “primary care physician”: You should keep using your <plan name> primary care physician for your health care.]

[Insert one of the following sentences depending on plan policy: We will be sending you a new membership card and other important documents for <plan name>. *or* You can continue using the <plan name> membership card that you currently have. *or* If you no longer have your membership card, contact us at the number below to get a new card.]

[Insert information regarding plan premiums required to maintain enrollment, or use the following language: The monthly premium for <plan name> is <monthly premium amount>. You must pay this premium amount each month to remain enrolled in our plan. For more information regarding our disenrollment policy for non-payment of plan premiums, please see our policy written in your <insert “Member Handbook” or “Evidence of Coverage”, as appropriate>.]

Please call <plan name> at <phone number> if you have any questions. TTY users should call <TTY number>. We are open <days and hours of operation>.

Thank you for your continued membership in <plan name>.