

## **20.13 - Non-Calendar Year EGWPs**

*(Rev.6, Issued: 11-07-08, Effective/Implementation: 11-07-08)*

Many employers, particularly public employers, determine benefits and enroll individuals in plan years that differ from the calendar year. Many of these plan years are mandated by state laws, federal law or union contracts.

CMS has granted a waiver to permit PDP sponsors offering EGWPs to establish non-calendar year plan benefit packages in HPMS in order to allow employer groups to determine benefits (including deductibles, out-of-pocket limits, etc.) on a non-calendar year basis. However, for these non-calendar year plan benefit packages, most submissions to CMS, along with CMS payments, will be determined on a calendar year basis in a process similar to the process historically used for “800 series” MA plans.

Non-calendar year EGWPs will be subject to the following rules:

- All required submissions to CMS, including applications and formularies for such plans, must be submitted at the same time as calendar-year EGWPs.
- With regard to Part D coverage, the plan must be actuarially equivalent to defined standard coverage for the portion of its plan year that falls in a given calendar year. A plan will meet this standard if it is actuarially equivalent for the calendar year in which the plan year starts and no design change is made for the remainder of the plan year. In no event can a plan increase during the plan year the out-of-pocket limit at which catastrophic coverage begins.
- Medicare direct subsidy payments will be based on the national average monthly bid amount for the calendar year for which the direct subsidy is being paid.
- Part D LIS payments and reconciliations will be determined based on the calendar year for which the payments are made.
- Prescription Drug Event (PDE) data will be reported to CMS on a plan year (i.e., non-calendar year) basis. Reconciliation, however, will be done on a calendar year basis.
- Certain benefits parameters (e.g., premium, cost sharing amounts) may be administered on a non-calendar plan year basis; however, other items such as formulary, deductible, gross covered drug spend and TrOOP may be administered on a calendar year basis.
- Like all other EGWPs, CMS will allow Part D eligibles of an employer/union sponsored group PDP that operates on a non-calendar year basis to disenroll from such plan and enroll in another plan through a special enrollment period (SEP) (see section 20.1.5).

#### Reinsurance and Risk Sharing Payments Not Available

With regard to Part D coverage, catastrophic reinsurance payments and risk corridor payments will not be made available to non-calendar year EGWPs (risk corridor payments are also not paid to calendar year EGWPs). However, the waiver of catastrophic reinsurance payments does not change the requirement for such plans to provide catastrophic coverage comparable to the standard benefit, though eligibility for such catastrophic coverage under the plan can be determined on a plan year basis.

#### Administration of Non-Calendar Year Plans

With regard to TrOOP and gross covered drug cost balance transfer requirements under the current TrOOP balance transfer process, two TrOOP and gross covered drug cost accumulations are necessary for Part D EGWPs. Plans must report TrOOP and gross covered drug cost balance transfers to a new plan of record as a calendar year accumulation when a beneficiary switches plans mid-year. However, plans will also be required to track TrOOP and gross covered drug costs on a non-calendar plan year basis in order to properly administer the non-calendar year benefit. If a beneficiary joins a non-calendar year plan during the middle of the plan year, any TrOOP and gross covered drug cost accumulation for costs incurred under a different plan between the beginning of the non-calendar plan year and the effective date of enrollment in the plan and within the same calendar year must carry over with the beneficiary. (Refer to the discussion of non-calendar year plans and sample scenarios in the guidance on automated TrOOP balance transfer dated October 20, 2008.) Explanation of Benefit (EOB) beneficiary dissemination materials must reflect the benefit design and TrOOP and gross covered drug cost accumulation coinciding with the non-calendar plan benefit year. Note that once the new Financial Reporting Transaction process is implemented, non-calendar year EGWPs will no longer need to track TrOOP and gross covered drug cost accumulations on a separate, calendar year track since this new method of TrOOP balance transfer will involve tracking these amounts on a month-by-month basis

Note that if an employer/union group sponsor's year starts mid-calendar year and ends on December 31st, renewing on January 1 of the subsequent year, the EGWP is **not** considered a non-calendar year plan. Also, PDP sponsors are not allowed to extend an employer/union only group health plan year longer than 12 months. The PDP sponsor must offer the EGWP for a portion of the contract year which ends on December 31st and renews on January 1st of the subsequent year.