



## LOCAL GOVERNMENT HEALTH INSURANCE BOARD

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### MEMORANDUM

TO: Local Government Units Who Cover Medicare Eligible Retirees

FROM: James J. Bradford, Chief Operating Officer (COO)  
Local Government Health Insurance Board

SUBJECT: Policy for Disenrollment of Retirees from Medicare Advantage for Failure to Pay Premiums

**This memo is intended for informational purposes only and does not constitute legal advice. The LGHIB strongly suggests each member unit seek counsel from an attorney, or other healthcare expert, to assist it in complying with all CMS rules regarding disenrollment from Medicare Advantage for failure to pay premiums.**

An employer may prospectively disenroll an individual from a Medicare Advantage plan it offers when a participant fails to pay his/her monthly premium on a timely basis. CMS does not allow retroactive disenrollment for failure to pay monthly premiums. In order to disenroll a Medicare Advantage Participant (MAP) for failure to make a premium payment, the unit must:

1. Provide prospective notice to the MAP that his/her Medicare Advantage enrollment is ending at least 21 calendar days prior to the effective date of the disenrollment. The notice must include information about other individual plan options the beneficiary may choose and how to request enrollment; and
2. If the plan is a Medicare Advantage – Prescription Drug plan (the plan offered by the LGHIB is a Medicare Advantage – Prescription Drug plan), the MAP must be advised that the disenrollment action means the individual will not have Medicare drug coverage and must be provided information about the potential for late-enrollment penalties that may apply in the future.

If an MAP is in default on a premium payment, a unit must send the MAP written notice informing the MAP of the past due balance and the prospective disenrollment date. In addition, the unit must include in its notice to the MAP the attached “Notice of Disenrollment”. These notices must be sent at least 21 calendar days before the prospective disenrollment date. If the MAP pays the total past due balance before the disenrollment date, the MAP will not be disenrolled.

If an MAP does not pay the total past due balance by the disenrollment date, the unit must notify the LGHIB by submitting a Cancellation form (LG03). The LGHIB will then, in turn, disenroll the member from the Medicare Advantage plan. Notice to the LGHIB must be provided on or before the 25<sup>th</sup> of the month prior to the MAP’s disenrollment date. The unit must affirm that it has complied with all CMS rules in regard to disenrollment by checking the box under “Retiree Non-Payment”. In addition, the unit must submit a copy of the letter and Notice of Disenrollment it sent the MAP.

The LGHIB will bill the unit for an MAP’s Medicare Advantage premiums during the disenrollment process. The unit is responsible for payment of those premiums. If the unit fails to pay the LGHIB for such premiums, the unit will be deemed in violation of the LGHIB’s rules and procedures.

Dear Medicare Advantage Member:

You are receiving this notice because we (former employer unit) have not received your monthly Medicare Advantage premium. In order to maintain your Medicare Advantage coverage, you must submit the total amount due on or before 21 days from the date of this letter. **If we do not receive payment, you will be disenrolled from the Medicare Advantage plan on the last day of the month following the end of the 21 days' notice.** Upon disenrollment, you will not have any coverage through the Local Government Health Insurance Program and you will not be eligible to reenroll with the Local Government Health Insurance Board (LGHIB) at a later time.

If you think that we have made a mistake, please call us immediately. You also have the right to ask the LGHIB to reconsider your disenrollment through the grievance procedure detailed in your Evidence of Coverage located on the LGHIB's website at <https://www.lghip.org>.

Please remember, if you don't have other creditable coverage (prescription drug coverage 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.

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 extra help with your prescription drug costs. Please remember, if you enroll in another Medicare health or prescription drug plan, your coverage through the LGHIB will be canceled and you will not be eligible to reenroll at a later time.