

OVERVIEW OF PLAN SPONSOR OPTIONS REQUIRING WAIVERS

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Introduction: CMS has authority to waive or modify requirements that hinder the design of, the offering of, or the enrollment in, Part D arrangements sponsored by employers or unions for their retirees. This waiver authority can assist plans that provide coverage under the Medicare drug benefit (Part D plans) to design prescription drug benefits that are offered exclusively to plan sponsors for their retiree populations, as well as make it easier for plan sponsors to contract with, or become Prescription Drug Plans (PDPs) and Medicare Advantage plans that include prescription drugs (MA-PDs) in order to provide enhanced benefits to their retirees that supplement the Medicare standard prescription drug benefit.

Initial Waiver Guidance: CMS' initial waiver guidance (February 11, 2005) deals with timing and entry requirements associated with retiree group Part D coverage. The guidance specifies a revised timetable for waiver applications, giving employers and unions more time to consider the various options available to them under the Medicare Modernization Act, including offering a customized Part D benefit.

Additional Waiver Guidance: CMS' additional waiver guidance released on March 9, 2005 addresses a number of issues, including: management and operations requirements; cost sharing requirements; solvency requirements; pharmacy access requirements; marketing and beneficiary communications requirements; reporting requirements; and a clarification of the revised timetable in the February 11 guidance.

Anticipated Future Guidance: Further guidance detailing additional waivers may be released in the very near future. Additional waiver requests from specific plan sponsors will be addressed on a case-by-case basis as they are submitted. Once waivers have been granted, they will be available to all similarly situated employers or unions, thus maximizing the number of sponsors that will be able to benefit from the flexibility of the waiver process.

For More Information: Please visit the CMS website at <http://www.cms.hhs.gov/>