



**MEDICARE PART D - PDP  
EMPLOYER GROUP AGREEMENT**

This Agreement (“Agreement”) entered into and effective as of \_\_\_\_\_, 20\_\_, by and between PRIORITY HEALTH INSURANCE COMPANY (“Priority”) and \_\_\_\_\_ (“Employer”).

WHEREAS, Priority has entered into a contract with the Centers for Medicare and Medicaid Services (“CMS”) to provide managed health care and prescription services to certain Medicare beneficiaries under Medicare Rx PDP.

WHEREAS, Employer has established a Medicare Rx PDP program for its employees and their eligible dependents (the “Plan”).

WHEREAS, this Agreement shall apply to the services Priority is to provide to Employer under the Plan and each Party’s responsibilities thereunder.

WHEREAS, if the Parties have entered into an Administrative Services Agreement then this Agreement shall be incorporated into the Administrative Services Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto, intending to be legally bound, agree as follows:

1. Marketing/Beneficiary Communication. Employer Plan will comply with all federal and State of Michigan laws with respect to marketing/Beneficiary communication requirements.
2. Uniform Premium Requirements. Employer shall comply with all uniform premium requirements found at 42 CFR 423.286(a) as may be amended from time to time.
3. Low Income Subsidy. Employer shall comply with the low income requirements of 42 CFR 423.772 *et seq.*, as may be amended from time to time and interpreted by CMS. Specifically, Priority shall remit all LIS subsidies received from CMS on behalf of Employer’s LIS Beneficiaries to Employer. Employer shall then be responsible for ensuring that any LIS paid by Priority to Employer on behalf of an LIS Beneficiary will accrue first to the LIS beneficiary to reduce any MAPD premium paid for by the beneficiary, up to the total of the beneficiary’s and Employer’s combined monthly premium. If the LIS amount for a particular Beneficiary is greater than the Beneficiary’s and the Employer’s total monthly combined premiums, Employer shall immediately return the overage to Priority and Priority will refund such amount to CMS. If the Employer is unable to reduce up-front the premiums paid by LIS

beneficiaries, Employer shall directly refund to the LIS Beneficiary the amount of the LIS up to the monthly premium contribution previously collected from the Beneficiary. Employer is required to complete this refund on behalf of Priority within forty-five (45) days of the date Priority receives the LIS payment for that Beneficiary from CMS. In the event Priority directly bills Beneficiaries under the Plan, Priority Health will be responsible for the foregoing premium reductions and refunds. The parties acknowledge that this provision is required by the CMS Memorandum of clarification dated July 23, 2007.

4. Late Enrollment Penalty. Pursuant to Medicare requirements, at the time of a Beneficiary's enrollment, Priority shall collect information related to a Beneficiary's prior creditable coverage and provide that information to CMS. If CMS determines that the Beneficiary is subject to a Late Enrollment Penalty ("LEP"), Priority shall bill the amount of the LEP to Employer and Employer shall pay the LEP on Beneficiary's behalf. Priority shall provide notice to the Beneficiary related to the LEP in accordance with Medicare requirements.

5. Enrollment Information.

- a. Enrollment information submitted to Priority by Employer shall accurately reflect the Beneficiaries' record of election coverage made by each Beneficiary according to the Employer's process.
- b. Employer shall provide to Priority an updated description of Employer's process to enroll Beneficiaries into the Plan.
- c. Each Beneficiaries enrollment election must clearly denote all of the following;
  - i. Beneficiaries agreement to abide by Plan's rules;
  - ii. Certify his/her receipt of required disclosure information; and
  - iii. Authorization by the Beneficiary for the disclosure and exchange of necessary information between the US. Department of Health and Human Services (and its designees) and the Plan.
- d. Each Beneficiaries' enrollment election information must include all the data necessary for Priority to determine each Beneficiaries' eligibility to make a valid election. Exhibit A contains a list of the required data elements.
- e. Employer will comply with the CMS security policies regarding the acceptable method of encryption utilized to provide for data security, confidentiality and integrity and authentication and identification procedures to ensure both the sender and recipient of the data are known to each other and are authorized to receive and decrypt the information.
- f. Employer's record of the Beneficiaries' election must exist in a format that can be easily, accurately and quickly reproduced for later reference by Priority and/or CMS as necessary and be maintained for at least 10 years following the effective date of the Beneficiaries disenrollment from the Plan.
- g. On-Line Enrollment: If Priority offers on-line enrollment through its website, Employer is permitted to initiate enrollment using this process. In the alternative, Employer may permit eligible retirees and/or eligible dependents to enroll directly

on-line via Priority's website. However, CMS guidance prohibits the use of Employer's website to initiate on-line enrollment.

- h. Upon reasonable prior notification to Priority and in accordance with the terms of this Agreement, Employer may submit Beneficiary enrollment via electronic data interface (EDI). The enrollment transition must include all data set forth in Medicare Prescription Drug Benefit Manual, Chapter 2 (Appendix 2) and Chapter 3. Accepted electronic records must, at a minimum, comply with CMS security policies regarding acceptable encryption utilized for data security, confidentiality, integrity, authentication and identification procedures to ensure that the sender and recipient of the data are known.
- i. Effective date of enrollment: The effective date of a Beneficiary's enrollment cannot be earlier than the date the Beneficiary completed the enrollment request. The effective date may be retroactive up to 90 days from the date Priority receives the request from Employer. Requests made for retroactive enrollment greater than 90 days will require notification to Priority's CMS Regional Officer.
- j. Employer will comply with the CMS enrollment requirements as set forth in Chapters 2 and 3 of the Medicare Managed Care Manual and the Medicare Prescription Drug Benefit Manual, respectively.

6. Disenrollment - Failure to Pay Premiums. Employer shall not retroactively disenroll a Beneficiary for failure to pay premium. Employer may disenroll a Beneficiary after a grace period and after giving written notice for failure to pay premium. Specifically, if the Employer has not received the premium owed by the Beneficiary by the due date, the Employer will send a written notice of non-payment of premiums within seven (7) business days after the premium due date. The Employer must provide Beneficiaries with a grace period that is a minimum of one (1) month on or after the due date of the unpaid premium amount. The grace period will not begin until the Beneficiary has been notified of/billed for the actual premium amount due, with such notice/bill specifying the due date for that amount. For new Beneficiaries, Employer shall wait until notified by Priority after Priority has been notified by CMS of the actual premium which the Beneficiary is responsible for paying directly before the Beneficiary can be notified of/billed for the amount due. For these Beneficiaries, the due date cannot be until after Priority receives notification from CMS and Priority then notifies Employer as to the Beneficiary's premium and Employer notifies the Beneficiary of the amount due. The grace period can then begin no earlier than the first day of the month on or after the due date.

7. Disenrollment Process.

- a. Group Disenrollment Process. Employer may use a group disenrollment process to disenroll Beneficiaries provided that process includes the Employer's notice to all Beneficiaries that Employer intends to disenroll them from the Plan and the Employer shall provide such notice not less than twenty-one (21) calendar days prior to the effective date of the Beneficiaries being disenrolled from the Plan. Additionally, the notice to all Beneficiaries that Employer intends to disenroll them from the Plan must include an explanation on how to contact CMS for information on other Medicare Part D options that might be available to the

Beneficiaries. Upon the Employer's dissemination of such notice, Employer must provide written confirmation to Priority that the Employer has disseminated its notice to all Beneficiaries as such notice is described in this paragraph and in accordance with its obligations under CMS systems guidance. Employer must also provide to Priority all the information required for Priority to submit a complete disenrollment request transaction to CMS as described in the applicable portions of CMS systems guidance as may be amended from time to time.

- b. EDI. Upon reasonable prior notification to Priority and in accordance with the terms of this Agreement, Employer may submit Beneficiary disenrollment via electronic data interface (EDI). The disenrollment transition must accurately reflect Employer's record of the disenrollment made by each Beneficiary according to the Employer's process and may be accepted without a paper disenrollment form. However, Employer must retain a hard copy record of Beneficiary's disenrollment request. Accepted electronic records must, at a minimum, comply with the CMS security policies regarding acceptable encryption utilized for data security, confidentiality, integrity, authentication and identification procedures to ensure that the sender and recipient of the data are known. Employer is permitted to initiate a request for disenrollment via Priority's website after approval by Priority's CMS Regional Officer, if Priority offers on-line disenrollment. Disenrollment requests via other means, such as a broker website or email, are not permitted.
- c. Compliance with CMS Regulations. Employer will comply with the CMS disenrollment requirements as set forth in Chapters 2 and 3 of the Medicare Managed Care Manual and Prescription Drug Benefit Manual, respectively.

8. Compliance With Laws. Employer shall comply with all applicable State and Federal laws, rules, and regulations in effect or as hereinafter amended including all Medicare Part D laws, regulations and instructions.

9. Disclosure. Disclosure materials for Employer's plan are subject to all applicable Medicare disclosure regulatory requirements and sub-regulatory guidance, including disclosure requirements contained in the Medicare Marketing Guidelines.

10. Authority. Each party represents and warrants that it has the necessary power and authority to enter into this Agreement and to bind the party.

11. Notice of Termination. Employer shall give Priority Health no less than thirty (30) days notice of its intent to terminate this Agreement.

**IN WITNESS WHEREOF**, Priority and Employer have executed and delivered this Agreement by their representatives duly authorized.

**PRIORITY HEALTH  
INSURANCE COMPANY**

By: \_\_\_\_\_

Printed Name: Judith W. Hooyenga

Title: Deputy General Counsel

Date: \_\_\_\_\_

**EMPLOYER**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT A

### Required Data Elements

#### **Data Element**

- 1 Plan name
- 2 Beneficiary name
- 3 Beneficiary Medicare number
- 4 Beneficiary Date of Birth
- 5 Beneficiary Sex
- 6 Permanent Residence Address
- 7 Mailing Address
- 8 Beneficiary Telephone Number
- 9 Annotation of whether beneficiary is retiree, including retirement date and name of retiree (if not the beneficiary)
- 10 Question of whether spouse or dependents are covered under the plan and, if applicable, name of spouse or dependents
- 11 Medicare information contained on sample Medicare card, or copy of card
- 12 Name of chosen Primary Care Physician, clinic or health center (Optional Field)
- 13 Beneficiary signature and/or Beneficiary Representative Signature
- 14 Signature and Relationship of any individual who helped beneficiary fill out form (if applicable)
- 15 Date of signatures
- 16 Response to question regarding ESRD
- 17 Response to questions regarding other insurance.
- 18 Employer Name and Group Number