

EXHIBIT T

Brown, Nicole (HHS/ASL)

From: Orris, Allison B. (CMS/OL)
Sent: Friday, December 11, 2009 9:02 PM
To: Gotts, Jill M. (CMS/OL)
Subject: RE: CLASS assignment

Categories: CLASS Act Oversight Request

Thanks for keeping me posted, Jill. This is impressive and clearly took a lot of time.

Allison

From: Gotts, Jill M. (CMS/OL)
Sent: Friday, December 11, 2009 2:51 PM
To: Orris, Allison B. (CMS/OL)
Subject: FW: CLASS assignment

Hi Allison,

To keep you up to date, here is what I worked on for the better part of today. I'm switching gears now to focus on House NH transparency comments. Buzz me if you want me to join you for your call.

From: Gotts, Jill M. (CMS/OL)
Sent: Friday, December 11, 2009 2:49 PM
To: Marton, William (HHS/ASPE)
Subject: RE: CLASS assignment

Hi Bill,

Nice work on the diagrams. It very nicely lays out these options. I agree that there is a risk to the entire program if we don't have a sufficiently robust outreach and educational campaign and one that is specifically targeted to employers. This employer notification mandate makes me think of Part D, whereby insurance insurers are required to notify their Medicare eligibles whether their prescription drug coverage is creditable. This is important because if it is not, such an individual would pay a higher premium for failing to enroll in Part D. It actually begs the question, what if an individual was not enrolled in CLASS but in another LTC or disability insurance benefit. Would such an individual still be penalized for waiting to enroll in CLASS? Could such coverage ever be creditable?

Here is a draft paper on CLASS premium payments. There are a few places where I think we may need to engage from a TA perspective.

I welcome your input. And please let me know how you'd like to move forward and circulate once our review is done.

Best,
Jill

From: Marton, William (HHS/ASPE)
Sent: Friday, December 11, 2009 11:42 AM
To: Gotts, Jill M. (CMS/OL)
Subject: RE: CLASS assignment

No problem...here's what I have so far (Figures attached):

As shown in the accompanying set of figures, CLASS enrollment and premium payment can be divided into two basic models: those that integrate the employer into the process (Figures 1a and 1b) and those that exclusively rely on the employee (or self-employed person) to be the conduit for enrollment and premium payment (Figure 2). The major distinction between Figure 1a and 1b is the degree to which the employer is integrated into the process. Figure 1a incorporates a new requirement that has been proposed in an amendment to the Senate legislation that requires employers with an average of fifteen or more employees to provide written notice to employees "of the existence of the CLASS Program, including a description of the benefits provided under the program; and other terms and conditions to maintain coverage..." In Figure 1a, the employer provides information about the CLASS program, but plays no role in enrollment and payment of premiums. Employees would enroll through the CLASS Program itself and pay the required premium to Treasury via automated debit or mailed check. The CLASS Program would exchange information with the Social Security Administration to verify program eligibility (employment and income information). The Treasury Department would maintain and exchange payment information to the CLASS Program.

Although not required to do so, employers have the option of playing a greater role in the enrollment/premium payment process. In this case, the employer not only provides information about the CLASS program to employees, but plays a direct role in enrollment and premium payment via payroll deduction (Figure 1b). The employer is responsible for providing CLASS program and enrollment information, enrolling employees, and coordinating with the CLASS Program and Treasury for the payment of the appropriate premium. Premiums would be paid to the CLASS Independence Fund managed by the Treasury Department on behalf of employees through payroll deduction. Although there are no tax advantages to employers, they would have the option of subsidizing the employee's premium—either partly or fully—if they wanted to provide CLASS insurance coverage as an employee benefit.

An alternative enrollment/premium payment process is required for persons who either are working in organizations with less than an average of fifteen employees or who are self-employed. This scenario is depicted in Figure 2. In this case, the CLASS Program is the only (required) conduit for program and enrollment information. Information would be provided directly to the public through electronic and other medium (e.g., website, telephone hotline, print, etc.). Eligible persons would enroll through the CLASS Program and pay premiums directly to the Treasury via automated debit or mailed check. The CLASS Program would exchange information with the Social Security Administration and the Treasury to verify eligibility, premium accounting, and other requirements of the program.

Major Issues

I am writing right now about whether we should integrate employers even more into the process by moving to a "mandated offer" approach instead of just "mandated information." The major problem is that mandating that employers offer information about the program probably will not yield high enough participation; we need to have employers more integrated into the enrollment process and not have them drop off once they simply provide information about the program. I was also going to briefly mention the need to focus on certain activities ancillary to enrollment/premium payment early in program implementation, e.g., rolling out an education/marketing campaign focused on both employers and individuals, getting SSA and Treasury together so they can work on the information exchange issues, etc. What do you think?

Bill

From: Gotts, Jill M. (CMS/OL)
Sent: Friday, December 11, 2009 11:31 AM
To: Marton, William (HHS/ASPE)
Subject: CLASS assignment

Hi Bill,

I am working on the premium payment pieces this morning. I should have something to you in a couple of hours for you to react to. I apologize for not getting something to you sooner.