

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
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**CENTER FOR MEDICARE**

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**DATE:** August 13, 2010

**TO:** All MA Sponsors

**FROM:** Michael Crochunis, Acting Director  
Medicare Enrollment and Appeals Group

**SUBJECT:** 2011 Reassignment of Low-Income Subsidy Beneficiaries in Terminating  
Medicare Advantage (MA) Plans

**Overview of the MA Reassignment Process**

In mid-October, CMS will conduct reassignment of certain beneficiaries eligible for the Part D low-income subsidy (LIS) who remain LIS-eligible as of January 1, 2011, and are affected by a MA plan non-renewal. In this situation, we will reassign both those with full and partial subsidies.

As in the past, individuals who no longer qualify for LIS will not be reassigned. Thus, CMS will reassign only individuals who meet all of the following criteria:

1. Individuals who are LIS-eligible in 2010 and will remain LIS-eligible in 2011.
2. Individuals in an MA plan that will be non-renewing or has a service area reduction (SAR), unless the plan is an MA Private Fee for Service plan and the individual already has concomitant enrollment in a stand-alone Prescription Drug Plan (PDP).

Please note that reassignment occurs for MA plans that are terminating or have an SAR as of 2011, including terminating MA-only plans as well as Medicare Advantage with Prescription Drug (MA-PD) plans. Beneficiaries in these MA plans are reassigned into PDPs only, but have the option of electing another MA plan. Information about reassignment of beneficiaries enrolled in PDPs is provided in separate guidance (please refer to the memo “*2011 Reassignment of Low-Income Subsidy Beneficiaries in Prescription Drug Plans*” dated August 13, 2010 from Michael Crochunis, Acting Director, Medicare Enrollment and Appeals Group). In addition, LIS beneficiaries in U.S. territories, or from employer-sponsored MA-only or MA-PD plans will not be reassigned.

Key information about this year's process is outlined below, including details about the beneficiary notification schedule and a reassignment timeline. This information should be used in the plan notification process.

### **CMS Notification to Affected Beneficiaries**

After CMS conducts reassignment, CMS will mail notices (printed on blue paper) to the affected beneficiaries during the first week of November. These notices will instruct beneficiaries who are being reassigned of their prospective zero premium plan and indicate that they will have Original Medicare as their health coverage unless they choose another MA plan. As required by the Affordable Care Act of 2010, CMS will mail a second blue letter to these beneficiaries during the last week of December. This second notice will outline for beneficiaries the effect of reassignment on their drug regimen. Once these notices are finalized in September, they will be available at

<http://www.cms.gov/LimitedIncomeandResources/LISNoticesMailings/list.asp#TopOfPage>

### **CMS Notification to “Gaining” PDPs**

CMS also notifies PDPs of individuals who will be reassigned to their plan for 2011 from non-renewing MA plans. For requirements applicable to “gaining” PDPs, please refer to the memo “*2011 Reassignment of Low-Income Subsidy Beneficiaries in Prescription Drug Plans*” dated August 13, 2010 from Michael Crochunis, Acting Director, Medicare Enrollment and Appeals Group.

### **Identifying Reassignments on the Transaction Reply Report (TRR)**

Once CMS processes reassignment transactions, CMS will transmit a special TRR to plans in early November containing only reassignment transactions. Plans will be able to identify affected beneficiaries as follows:

#### **Application date:**

- All LIS beneficiaries reassigned due to a plan or contract non-renewal will be identified by an application date of September 30, 2010.

**Enrollment source code** = H (reassign)

**Transaction reply codes** = TRR-212 A – Reassignment Enrollment Accepted – Reassignment enrollment request for a beneficiary into a Part D plan submitted by CMS is accepted.

### **Plan Communication to Affected Beneficiaries**

Consistent with 42 CFR 423.507(a), plan sponsors that are non-renewing contracts must issue a written notice of the impending plan termination to all enrollees residing in the affected region(s). Such notices must be approved by CMS and must include a written description of the alternatives available for obtaining qualified prescription drug coverage within the PDP region, including MA-PD plans, and other PDPs. By regulation, **beneficiaries must receive this**

**termination notice from plans no later than October 2, 2010.** CMS will release the model non-renewal notice in the near future. For more information on requirements related to non-renewal generally, please refer to the 2011 Combined Call Letter issued April 5, 2010, which contains complete instructions for non-renewing plans and contracts. The 2011 Combined Call Letter is located at:

<http://www.cms.gov/MedicareAdvtgSpecRateStats/Downloads/Announcement2011.pdf>

### **End-of-year Timeline for Reassignment**

**Please Note – This year’s timeline includes dates that are earlier than last year. Please be sure to adhere to the new deadlines.**

**August 27, 2010** – State Pharmaceutical Assistance Programs (SPAPs) that have authorized representative status and intend to “reassign” their beneficiaries will send their “carve-out” list to CMS. These beneficiaries will be excluded from reassignment to ensure they are moved only once.

**October 2, 2010** – Beneficiaries in terminating plans or contracts must receive termination notices from plan.

**October 18, 2010** – CMS provides preliminary lists of MA reassignees to States, 1-800-MEDICARE, and “gaining” PDPs.

**Early November, 2010** – TRR showing successfully processed reassignments estimated to be available.

**Early November 2010** – CMS mails beneficiary reassignment notices on blue paper.

**December 2010** – CMS mails reassigned beneficiaries a second blue notice identifying which drugs in their current drug regimen are on the formulary of the 2011 plan to which they are being reassigned, and how to request an exception or appeal or file a grievance.

**January 1, 2011** – Reassignment effective date.

### **For Assistance**

If you have specific policy questions about any of these instructions, please contact Tracey Baker at 410-786-7794 or [Tracey.Baker@cms.hhs.gov](mailto:Tracey.Baker@cms.hhs.gov). If you have technical questions about file format or transactions, you should contact the MMA Help Desk at 1-800-927-8069 or [mmahelp@cms.hhs.gov](mailto:mmahelp@cms.hhs.gov).