

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

DATE: September 1, 2011

TO: All Prescription Drug Plan Sponsors

FROM: Anthony J. Culotta, Director
Medicare Enrollment and Appeals Group

SUBJECT: 2012 Reassignment of Low-Income Subsidy Beneficiaries in PDPs

Overview of the Reassignment Process

In early October, CMS will conduct reassignment of certain beneficiaries eligible for the Part D low-income subsidy (LIS) as described below. CMS will carry out all reassignments, including those to a different plan benefit package (PBP) offered by the same organization, as well as the random reassignment to plans offered by different sponsors. As in the past, CMS will not reassign individuals who either no longer qualify for LIS, or who have chosen a plan on their own. These individuals will receive information about their options from CMS and remain in their current plans unless they make a different enrollment choice.

Pursuant to section 3303 of the Affordable Care Act, prescription drug plans (PDPs) that volunteer to waive a de minimis amount of the premium will not lose LIS beneficiaries to reassignment. Thus, CMS will reassign only individuals who meet the following criteria:

- LIS-eligible in 2011 and will remain LIS-eligible in 2012; and
- a. Have remained in the PDP into which CMS originally assigned them, but their current PDP will no longer have a Part D premium at or below the LIS benchmark in 2012 (including the PDPs that do not volunteer to waive the de minimis amount); or,
- b. Are enrolled in a PDP that will be terminating, regardless of whether they chose or were assigned to the PDP.

For further guidance on this process, please see §40.1.5 of Chapter 3 (on Eligibility, Enrollment, and Disenrollment) of the Medicare Prescription Drug Benefit Manual (“Chapter 3”), available on the Web at <http://www.cms.hhs.gov/MedicarePresDrugEligEnrol/>.

Please note that reassignment also occurs for LIS individuals in Medicare Advantage (MA) plans that are terminating or reducing their service area as of 2012. Beneficiaries in non-renewing MA plans are reassigned into PDPs only. Additional information about the reassignment process for qualifying beneficiaries in MA plans that are terminating or reducing their service area is provided in separate guidance (please refer to the memo dated September 1, 2011, entitled

“2012 Reassignment of Low-Income Subsidy Beneficiaries in Terminating Medicare Advantage Plans” from Anthony J. Culotta, Director, Medicare Enrollment and Appeals Group). In addition, there is no reassignment among LIS beneficiaries in U.S. territories, or from employer-sponsored PDPs.

A summary of the process is provided in Attachment A. Key information about this year’s process is outlined below, including details about the beneficiary notification schedule, a reassignment timeline, and technical details about the file formats to be used in the plan notification process.

Volunteering to Waive the De Minimis Amount

Under section 3303 of the Affordable Care Act, a PDP or Medicare Advantage Prescription Drug (MA-PD) plan may volunteer to waive the portion of the monthly adjusted basic beneficiary premium that is within a de minimis amount above the LIS benchmark for a subsidy eligible individual. The de minimis amount may not be waived from the enhanced portion of a Part D premium applicable to the enhanced benefit. For more information about the benchmark and de minimis, please refer to the memo dated August 3, 2011, entitled “*Annual Release of Part D National Average Bid Amount and other Part C and D Bid Information*” from Jonathan Blum, Director, Center for Medicare.

CMS will not reassign LIS members from plans that volunteered to waive the de minimis amount. For continuing Part D plans, we only reassign beneficiaries originally assigned to a zero-premium PDP that will have a premium liability over the benchmark and de minimis in the following year. Please note the CMS does not reassign beneficiaries from continuing MA plans, regardless of the level of the Part D premium.

Losing PDPs that want to identify potential re-assignees may do so by identifying all members whose enrollment source codes are A, C, or H (auto-enrolled, facilitated-enrolled, or reassigned, respectively), and who will have a 2012 low-income premium subsidy of 100%.

Interim Notification to PDP Sponsors in October

After CMS conducts reassignment, CMS sends letters on blue paper to affected beneficiaries. CMS also notifies “losing” and “gaining” PDPs of individuals currently enrolled in their plan or who will be reassigned to their plan for 2012 who will receive the blue notice. For losing plans, this file can be identified by:

File name: "P.Rxxxxx.APDP5.LOSS.Dyymmdd.Thhmmssst.pn" (Gentran Mailbox)
 "zzzzzzzz.Rxxxxx.APDP5.LOSS.Dyymmdd.Thhmmssst" (C:D mainframe)
 "[directory]Rxxxxx.APDP5.LOSS.Dyymmdd.Thhmmssst" (C:D non-
 mainframe)
Header Code: "MMA PDPLH"
Trailer Code: "MMA PDPLT"

We will also provide “gaining” PDPs with an interim reassignment notification file displaying:

File name: ”P.Rxxxxx.APDP5.GAIN.Dyymmdd.Thhmsst.pn” (Gentran Mailbox)
 “zzzzzzzz.Rxxxxx.APDP5.GAIN.Dyymmdd.Thhmsst” (C:D mainframe)
 “[directory]Rxxxxx.APDP5.GAIN.Dyymmdd.Thhmsst” (C:D non-
 mainframe)

Header Code: “MMAPDPGH”

Trailer Code: “MMAPDPGT”

KEY
xxxxx = 5 character contract id
yymmdd = two digit year, month, day
hhmsst = hour/minute/second/tenths of second
pn = process number
zzzzzzzz = Plan-provided high level qualifier
[directory] = optional directory specified from non-mainframe C:D clients

The format of the one-time listing for both gaining and losing PDPs will be the same as the “PDP Auto-Enrollment Notification File” that is now used to communicate the current daily auto-assign beneficiaries and their respective addresses to plans. Please see file layout E.25 in the Medicare Advantage and Prescription Drug Plans Communications Users Guide for file format and specifications, available on the Web at <http://www.cms.gov/MAPDHelpDesk/>.

We estimate that the file resulting from PDP reassignment will be transmitted on or about **October 7, 2011**. For PDPs that gain beneficiaries from the reassignment for non-renewing MA plans, a second file will be transmitted separately on the same day. We will notify PDPs separately of the exact file transmission dates.

Please note that for beneficiaries reassigned to a different plan within the same PDP sponsor, the PDP sponsor will receive two files: one identifying beneficiaries in “losing” PDPs and one identifying beneficiaries in “gaining” PDPs.

CMS will identify the region in which the beneficiary resides by first checking the state file on which the beneficiary was submitted, which may be in a different region than that of their current PDP. Thus, a PDP may receive a “gaining beneficiary” file even if none of the PDPs in their region is losing beneficiaries to reassignment. If the beneficiary was not submitted on any state file, CMS will use the beneficiary’s current address recorded in our systems to determine where the beneficiary needs to be reassigned. A PDP that receives a “gaining beneficiary” file identifying beneficiaries who have an address that is outside of the PDP’s region should not automatically disenroll such beneficiaries. Instead, the PDP should follow the procedures in §50.2.1.4 of Chapter 3 to verify whether the address on record reflects the beneficiary’s address prior to initiating a disenrollment.

PDPs with a basic benefit and a premium at or below the region-specific low income premium subsidy amount in that region will receive a “gaining beneficiary” file notifying them of such reassignments. PDPs that volunteer to waive the de minimis amount will gain beneficiaries only

if the losing PDP or MA plan is within the same parent organization. If this occurs, the de minimis PDP will also will receive a “gaining beneficiary” file notifying them of such reassignments.

The interim notifications will include the beneficiaries’ LIS premium and copayment levels as well as their addresses. However, PDPs must wait until **after** the Transaction Reply Report (TRR) that will arrive on or about October 25, 2011, which will contain confirmed enrollments resulting from the reassign process—before submitting the 4Rx records for those beneficiaries. This is because this interim list may not exactly match the list of beneficiaries who are ultimately enrolled in a PDP through reassignment, since voluntary beneficiary elections may occur after the preliminary file is created.

CMS Notification to Affected Beneficiaries

CMS will mail notices (printed on blue paper) to the affected beneficiaries in late October. These notices will inform beneficiaries who are being reassigned of their prospective zero premium PDP, indicate the 2012 premium of their current PDP, and instruct them to contact their current plan if they wish to remain with the plan for 2012. As required by the Affordable Care Act of 2010, CMS will mail a second blue letter to these beneficiaries in December. This second notice will identify which drugs in their current drug regimen are on the formulary of the 2012 plan to which they are being reassigned, and how to request an exception or appeal, or file a grievance.

CMS will also send notices (printed on tan paper) to “choosers”; that is, full-subsidy eligible individuals who chose PDPs that will have a Part D premium liability greater than \$0.00 in 2012. These notices will inform beneficiaries that they will incur a premium if they take no action, and list plans in their area that are available to them for no monthly premium. These notices will be available at

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

Note: We will use the following data elements from HPMS to populate these beneficiary notices: 1) Organization Marketing Name, 2) Organization Website Address, and 3) Customer Service Number. We will use the “Auto-Enrollment Customer Service Number” if that field is populated in HPMS. If not, we will use the “Customer Service for Prospective Members - Part D” information. **Please be sure these data are entered accurately into HPMS as instructed in the memo dated August 11, 2011, entitled “REMINDER: 2012 “Medicare & You” Handbook – Plan Data Preview” from Erin Pressley, Director, Office of Communications, Creative Services Group.**

To verify/update your Organization Marketing Name and Organization Web site Address in HPMS, follow this path: Contract Management>Contract Number>Organization Marketing Data (under “General Information”).

To verify/update your plan’s customer service phone numbers in HPMS, follow this path: Plan Bids>Bid Submission>CY 2012>Manage Plans>Edit Contact Data.

Plan Communication to Affected Beneficiaries

“Gaining” PDPs are responsible for providing enrollment confirmation and enrollment materials to beneficiaries in a timely manner (see Exhibit 29 of Chapter 3). “Losing” PDPs are responsible for sending an appropriate ANOC and disenrollment confirmation to beneficiaries being disenrolled due to reassignment. A model letter for disenrollment due to reassignment is provided in Exhibit 10b of Chapter 3. Plans that are losing beneficiaries to another PDP sponsor may use the alternative ANOC (see Exhibit 30 of Chapter 3), or termination notices as described below.

Identifying Reassignments on the TRR

Once CMS processes reassignment transactions, CMS will transmit a special TRR to plans on or about October 25, 2011, containing only reassignment transactions. This single TRR will contain enrollments and disenrollments due to both PDP and MA reassignments. Plans will be able to identify affected beneficiaries as follows:

Application date:

- All LIS beneficiaries reassigned due to a premium increase will have an application date of January 1, 2011.
- All LIS beneficiaries reassigned due to a plan or contract non-renewal will be identified by an application date of September 30, 2011.

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 or Plan is accepted.

The special TRR will be identified by the following information depending the type of connectivity for file transfers that the plan uses:

Gentran mailbox:

P.Rxxxxx.SPCLTRD.Dyymmdd.Thhmsst.pn

Connect:Direct (Mainframe):

zzzzzzzz.Rxxxxx.SPCLTRD.Dyymmdd.Thhmsst

Connect:Direct (Non-Mainframe):

[directory]Rxxxxx.SPCLTRD.Dyymmdd.Thhmsst

The content/layout of the special TRR will be similar to the daily TRR, except that it will only include TRCs from the Reassignment process.

Requests for “Re-Enrollment” in the “Losing” Plan

As noted above, the CMS notices on blue paper to affected beneficiaries will instruct them to contact their current plans if they wish to remain in those plans for 2012. If a reassigned

beneficiary contacts the current plan and indicates that s/he wishes to remain enrolled despite incurring premium liability, **the plan sponsor must take a new enrollment election** in accordance with §40.1.1 – 40.1.3 and §40.2 F of Chapter 3. Please note that PDPs may not contact these individuals to encourage them to remain in the plan.

As part of this enrollment, consistent with §40.1.5 of Chapter 3, the PDP must confirm and document that the beneficiary understands the financial liability s/he will incur by remaining with the plan for 2012. **However, please DO NOT transmit these enrollment transactions to CMS until you receive a daily TRR confirming the beneficiary's disenrollment from your plan.** If the “re-enrollment” transaction is sent in before disenrollment (caused by the reassignment transaction) occurs, the enrollment transaction will be rejected as “beneficiary already enrolled.”

For the new enrollment transaction, use the actual application date (which is typically the date the enrollment request is received by the sponsor), an election type of “U” (Special Enrollment Period for beneficiaries who are dual and/or have LIS), and an effective date of January 1, 2012. In order for a January 1, 2012, election to be processed timely, the PDP or the PDP's third-party representative must transmit these enrollments in accordance with the enrollment transaction submission requirements as provided in Chapter 3.

Reassignment of LIS-Eligibles Due to Non-renewal

CMS will also reassign any LIS-eligible beneficiaries who will remain LIS-eligible as of January 1, 2012, and are affected by a PDP or MA plan non-renewal. In this situation, we will reassign both those with full or partial subsidies who either were auto/facilitated enrolled into the plan, as well as those who voluntarily elected the plan. The CMS reassignment and notification process will be the same as the process described above for reassignment based on premium increase except that losing PDPs and MA plans will not get the September or October losing files.

PDPs that are terminating should refer to CMS' annual guidance on non-renewal for specifics about how beneficiaries must be notified about the non-renewal. This guidance will be released by CMS via HPMS.

For more information on requirements related to non-renewal generally, please refer to the 2012 Advance Notice issued February 18, 2011, which contains complete instructions for non-renewing plans and contracts. The 2012 Combined Call Letter is located at:

<http://www.cms.gov/MedicareAdvtgSpecRateStats/downloads/Advance2012.pdf>

Plan Communication to Affected Beneficiaries

Consistent with 42 CFR 423.507(a), PDP 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 1, 2011.** CMS will release the model

notice in the near future. For more information, please refer to the 2012 Advance Notice issued February 18, 2011, which contains complete instructions for non-renewing plans and contracts. The 2012 Combined Call Letter is located at:
<http://www.cms.gov/MedicareAdvtgSpecRateStats/downloads/Advance2012.pdf>

End-of-year Timeline for Reassignment

Please be sure to adhere to the all deadlines.

August 24, 2011 – 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.

August 25 to 29, 2011– Plan information in HPMS must be accurate and up-to-date in order to appear correctly on CMS blue letters to beneficiaries.

September 30, 2011- Beneficiaries in continuing plans must receive appropriate ANOC from their plan (including appropriate language for those beneficiaries being reassigned due to a premium increase).

October 1, 2011 – Beneficiaries in terminating plans or contracts must receive termination notices from their plan.

October 7, 2011 – MARx plan payment cutoff; last day to submit re-enrollments into “losing” PDPs for timely processing.

October 11, 2011 – CMS provides lists of PDP reassignees to States, 1-800-MEDICARE, and “losing” and “gaining” PDPs.

October 17, 2011 – CMS provides lists of MA reassignees to States, 1-800-MEDICARE, and “gaining” PDPs.

October 24, 2011 – CMS begins mailing beneficiary reassignment notices on blue paper

October 25, 2011– TRR showing successfully processed reassignments estimated to be available.

October 28, 2011– “Gaining” PDPs must submit 4Rx data within 3 calendar days of receiving the TRR confirming reassignments.

November 4, 2011 – CMS begins mailing beneficiary “choosers” letter on tan paper.

November 4, 2011

- **Within 10 calendar days of receipt of TRR showing reassignment**, “Gaining” PDPs must send beneficiaries acknowledgment that their enrollment has been accepted by CMS (See Exhibit 29 of Chapter 3).

- **Within 10 calendar days of receipt of TRR showing reassignment**, “Losing” PDPs must send beneficiaries confirmation of disenrollment due to reassignment (See Exhibit 10b of Chapter 3).

December 15, 2011 – CMS begins mailing 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. 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.

Attachment A

Summary of Reassignments of LIS Beneficiaries in PDPs

This table outlines beneficiary reassignment based upon the LIS population, type of plan enrollment, and premium level.

LIS Status	2011 Plan Enrollment	2012 Plan Premium Liability	Beneficiary Reassignment	CMS Sends Letter
100% premium subsidy in 2012	Remained in assigned PDP in 2011	<u>Above</u> the 2012 regional LIS benchmark amount OR <u>At or Below</u> the de minimis amount but PDP DOES NOT volunteer	YES	Blue Letter (Pub. 11209)
Any LIS Subsidy	Remained in auto-assigned plan in 2011 OR Chose a plan other than the auto-assigned plan	PDP and/or MA Plan terminating in 2011	YES	PDP Terminations - Blue Letter (Pub. 11208) MA Terminations - Blue Letter (Pub. 11443)
100% premium subsidy in 2012	Chose a PDP other than the auto-assigned plan	<u>Above</u> the 2012 regional LIS benchmark amount OR <u>At or Below</u> the de minimis amount AND the PDP <u>DOES NOT</u> volunteer to waive de minimis	NO	Tan Letter (Pub. 11267)

LIS Status	2011 Plan Enrollment	2012 Plan Premium Liability	Beneficiary Reassignment	CMS Sends Letter
100% premium subsidy in 2012	Remained in auto-assigned PDP in 2011 OR Chose a PDP other than the auto-assigned PDP	<u>At or below</u> the 2012 regional LIS benchmark OR <u>At or below</u> the de minimis AND the PDP <u>DOES</u> volunteers to waive de minimis	NO	NO
Partial premium subsidy (25%, 50%, 75%) in 2012	Varies	Varies	NO	NO
Enrolled in continuing MA Plans, Cost Plans, Employer-Sponsored Plans, PACE organizations, or PDPs in U.S. Territories	Varies	Varies	NO	NO
100% premium subsidy in 2011 but no longer LIS eligible in 2012	Varies	Varies	NO	NO