



January 13, 2006

TO: Medicare Part D Plans

SUBJECT: Further Clarification of Formulary Transition Policies

Strengthening Implementation of Formulary Transition Policies

On January 6, CMS issued guidance emphasizing the critical importance of beneficiaries getting their needed first prescriptions filled at the point of sale. Part D sponsors must implement transition policies in a manner that ensures that beneficiaries enrolled in their plan are served promptly and correctly. As previously stated, we expect that Part D sponsors will use sound business and clinical decision making when administering transition supplies and not place undue burden on beneficiaries during the implementation of the benefit. We expect the provision of drugs under your benefit will be such that the enrollee will either have a step edit or prior authorization requirement resolved at the point-of-service, or the enrollee will have access to a temporary supply until such requirements can be met for either formulary or non-formulary drugs. While transition policies are not intended to cover excluded drugs or to preclude drug utilization review edits for safety, we must stress that delaying or denying the filling of initial prescriptions for new enrollees at point-of-sale because of prior authorization /edit requirements is not consistent with the intent of CMS' transition policy.

In light of the importance of these transition policies, we are issuing this further guidance requiring that Part D sponsor implementation efforts be strengthened by ensuring that a process is in place that meets or exceeds the steps described below:

Expedited Process for First Fill Prescriptions

- Part D sponsors must establish an expedited process for pharmacists to obtain authorization to override any edits that would apply in the absence of their transition policies.
- Part D sponsors must provide for customer service representatives on pharmacy help lines who have the authority to make or obtain quick decisions on the application of transition policies that are compliant with CMS guidance. This process must also provide for expedited communication of decisions to pharmacists and permit pharmacists to fill prescriptions for covered drugs on a timely basis.
- Upon approval, the customer service representatives must have the capability to operationalize the decision through the claims processing system in real-time to permit the pharmacy to electronically submit the claim and have it accepted.

We understand that some Part D sponsors have implemented their transition processes by providing an override code electronically and others are applying transition policies electronically without the use of an override code. These are also permissible strategies. Your rapid implementation of processes that are efficient for both the pharmacists and the beneficiaries will be extremely helpful in serving your members.