



CENTER FOR BENEFICIARY CHOICES

Date: October 30, 2006

To: Part D Plan Sponsors

From: Cynthia Tudor, Ph.D., Director, Medicare Drug Benefit Group

Subject: Implementing our Best Available Data Policy for Low-Income Subsidy (LIS) Status

The purpose of this memo is to provide your organization with instructions on how to process LIS systems' notifications when your organization has contrary information about a beneficiary's cost sharing status under CMS' best available data guidance.

Background

As you may recall, CMS instructed Part D plan sponsors on May 5, 2006 that they are required to use "best available data" to make changes to their systems when they have knowledge that a dual eligible beneficiary's cost sharing level is not correct. As a result of implementing this policy, a sponsor may not process a change that disadvantages a beneficiary if the sponsor has evidence that a beneficiary was Medicaid eligible, thereby entitling the beneficiary to a lower cost sharing status.

Generally, these situations arise when the beneficiary has applied for Medicaid later in the year after having applied for LIS through the Social Security Administration (SSA). As a result of time lags associated with state-reported data, CMS plan enrollment and eligibility files may not yet reflect a beneficiary's dual eligible status that entitles the beneficiary -- as a full benefit dual eligible -- to a \$2/\$5, \$1/\$3 or \$0 cost sharing for covered Part D drugs. In accordance with our best available data policy, the plan sponsor must reflect the true cost sharing status where the plan has contrary evidence that either the individual qualifies for (1) \$0 copayments as a full-benefit dual eligible who is a resident in a long-term care facility for a full calendar month under a covered Medicaid-covered stay, or (2) \$1/\$3 or \$2/\$5 copayments as a full benefit dual eligible meeting certain poverty level income thresholds.

Instructions for Part D plan sponsors

There are two scenarios that will occur in your LIS reports from CMS. Plan sponsors should take action according to the following logic.

If data places the individual in a less favorable status, take these three steps:

- If you had applied the best available data policy and you determine that the information has a solid foundation, do not change the person’s status.
- If you determine that the information you have does not have a solid foundation, change the member’s LIS status as of the effective date provided in the CMS reports. The plan sponsor must then make reasonable attempts to collect the outstanding cost sharing (see Attachment). The plan sponsor must also adjust the associated prescription drug event data (PDEs).
- Follow the processes in the Marketing guidelines that describe providing the LIS Rider to the EOC to notify the member.

If data places the individual in a more favorable status, take these three steps:

- Change the status in your systems, using the effective date provided.
- Take appropriate actions to make the beneficiary whole, as appropriate, for excess cost sharing, and adjust the PDEs. (see Attachment)
- Follow the processes in the Marketing guidelines that describe providing the LIS Rider to the Evidence of Coverage document (EOC) to notify the member

Summary of co-pay/premium hierarchy

Current LIS Status		LIS Status as Reflected in the CMS LIS Plan Reports		Action
<i>Co-Pay Category</i>	<i>Premium Subsidy Percentage</i>	<i>Co-Pay Category</i>	<i>Premium Subsidy Percentage</i>	
1, 2 or 3	100	1 or 4	100 or 100,075,050,025	Determine if best available data policy applies
4	100, 75, 50, 25 or 0	1 or 4	100 or 100,075,050,025	Apply change as of effective date indicated in report

Subsidy Changes During the Year

It is important that Part D plan sponsors understand that there will continue to be changes throughout the year that may positively or negatively affect your members’ LIS status. Changes can occur for a variety of reasons. For example, when a beneficiary appeals a determination, reports a subsidy changing event to SSA (e.g., changes in marital status), or becomes Medicaid eligible, the beneficiary’s LIS status may change. Thus, it is important that plans understand when to update an enrollee’s LIS status based on CMS reports, and when to apply our best available data policy.

Points of Contact

For **technical** questions about LIS notifications, please contact:

MMA Help Desk

Phone: 1-800-927-8069

Email: mmahelp@cms.hhs.gov

Hours of Operation: M-F 6 a.m. to 9 p.m. EST

For **policy** questions pertaining to reconciling LIS cost sharing, please contact:
Alissa Deboy 410-786-6041.