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**DATE:** May 25, 2007

**Memorandum To:** All Part D Plan Sponsors

**Subject:** Special Transition Period for Retroactive Enrollment

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

The purpose of this memorandum is to clarify the 2007 policy outlined in section 50.10 of Chapter 14 of the Prescription Drug Benefit Manual on Coordination of Benefits entitled, “Special Transition for Retroactive Enrollment Situations.” It has come to our attention that a number of Part D plan sponsors are incorrectly pointing to the March 31, 2007 coverage year deadline as a reason for non-payment of 2006 claims for covered Part D drugs associated with retroactive enrollment situations.

The March 31, 2007 date relates to the regulatory definition of a coverage year (see 42 CFR 423.308). This deadline is necessary in order for plans to prepare for payment reconciliation for which the plan’s prescription drug event data must be submitted to CMS by May 31<sup>st</sup>. However, it is important to distinguish cut-off dates for the submission of claims associated with payment reconciliation from the liability for payment of claims arising as a result of coordination of benefit situations.

In the case of retroactive enrollments, beneficiaries and other parties— who made payment during a retroactive period eligible for reimbursement under a special transition period— represent third party payers that are entitled to reimbursement by the plan under Part D coordination of benefit requirements regardless of CMS payment reconciliation timeframes. To ensure that these third party payers have opportunity to request reimbursement for claims incurred during the retroactive period, sponsors must use the date of the Medicaid notification to establish a new timely claims filing period.

Further, in order to give effective meaning to our special transition guidance, a March 31<sup>st</sup> deadline cannot be used as a barrier to payer requests for reimbursement of claims incurred during periods covered by the retroactive enrollment. Rather, Part D plan sponsors must accommodate and facilitate requests for reimbursement of claims associated with retroactive enrollment coverage.

Thus, for example, if a beneficiary is initially enrolled in a Part D plan in February 2007 and is retroactively determined eligible for Medicaid to September 2006, the plan sponsor must provide a special transition period to accommodate claims incurred during the no

greater than seven-month period of retroactive eligibility.<sup>1</sup> Similarly, if a beneficiary who was not previously enrolled in a Part D plan is subsequently enrolled into a plan in 2007 with a retroactive coverage date to 2006, a special transition period applies.

It is important to note also that plans are liable for claims received after March 31<sup>st</sup> even in those instances when retroactive enrollment is not an issue. While in these instances contractual provisions regarding timely claims filing may limit claims from network pharmacies, non-network pharmacies must still have the opportunity to submit claims for reimbursement.

In the attached document, we have described several frequently occurring scenarios to further clarify how the special transition period policy should be applied in retroactive enrollment situations. If you have any questions concerning the special transition policy and reimbursing claims incurred during the period of retroactive eligibility, please contact Deborah Larwood at 410-786-9500.

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<sup>1</sup> In our March 13, 2007 memorandum entitled “Reimbursing Auto-Enrollees for Coverage during a Retroactive Period,” we noted that the 2007 special transition policy extends to retroactive enrollments into 2006.

Attachment

Special Transition Period for Retroactive Enrollment Scenarios

Scenario	Required Action by the Part D Plan Sponsor
A beneficiary first enrolled in Part D in 2007 is retroactively determined to be dual eligible effective in 2006 and another payer paid for covered drugs in the retroactive period.	Sponsors must coordinate benefits with other payers as required by the regulations at 42 CFR 423.464(f) without imposing time limits.
A beneficiary first enrolled in Part D in 2007 is retroactively determined to be dual eligible effective in 2006 and a network pharmacy is holding receivables for claims in the retroactive period.	For claims incurred during the period of retroactive enrollment in Part D, sponsors must use the date of the Medicaid eligibility notification to establish a new timely claims filing period.
A beneficiary first enrolled in Part D in 2007 is retroactively determined to be dual eligible effective in 2006 and a non-network pharmacy (includes state-operated, facility-based pharmacies) is holding receivables for claims in the retroactive period.	Sponsors must consider the non-network pharmacy as an “other” payer and coordinate benefits without imposing time limits.
A beneficiary first enrolled in Part D in 2007 is retroactively determined to be dual eligible effective in 2006 and receives notice of Medicaid eligibility close to or after March 31, 2007.	Sponsors must use the date of Medicaid notification to establish a new timely claims filing period and treat the beneficiary as an “other” payer.
A beneficiary not previously enrolled in Part D is retroactively (auto- or) facilitated enrolled in 2007 with a coverage effective date in 2006.	Sponsors must accommodate claims for non-formulary Part D drugs during a no-greater-than-seven-month period of retroactive eligibility, and claims for formulary drugs during the entire period of retroactive coverage.