



## **MEDICARE ENROLLMENT & APPEALS GROUP**

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**DATE:** August 30, 2013

**TO:** All Prescription Drug Plan Sponsors

**FROM:** Arrah Tabe-Bedward  
Director, Medicare Enrollment & Appeals Group

**SUBJECT:** 2014 Reassignment of Low-Income Subsidy Beneficiaries in Prescription Drug Plans

### **Overview of the Reassignment Process**

In mid-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 are LIS-eligible in 2013 and will remain LIS-eligible in 2014 and—

1. 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 2014 (including the PDPs that do not volunteer to waive the de minimis amount); or,
2. 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 (Eligibility, Enrollment, and Disenrollment) of the Medicare Prescription Drug Benefit Manual (“Chapter 3”), available at <http://www.cms.gov/Medicare/Eligibility-and-Enrollment/MedicarePresDrugEligEnrol/index.html>

Please note that reassignment also occurs for LIS individuals in Medicare Advantage (MA) plans that are terminating or reducing their service area as of 2014. Beneficiaries in non-renewing MA plans or beneficiaries affected by a service area reduction 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 memorandum dated August 30, 2013, “*2014 Reassignment of Low-Income Subsidy*”

*Beneficiaries in Terminating Medicare Advantage Plans and Medicare Advantage Plans Reducing their Service Areas*” from Arrah Tabe-Bedward, Director, Medicare Enrollment & Appeals Group.

A summary of the process is provided in the attachment. 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. Please note that there is no reassignment among LIS beneficiaries in U.S. territories or from employer-sponsored PDPs.

### **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 memorandum dated August 3, 2013, “*Annual Release of Part D National Average Bid Amount and other Part C and D Bid Information*” from Jonathan Blum, Deputy Administrator & 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 2014 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 2014 who will receive the blue notice. For losing plans, this file can be identified by file name:

”P.Rxxxxx.APDP5.LOSS.Dyymmdd.Thhmsst.pn” (Gentran Mailbox or TIBCO)

“zzzzzzzz.Rxxxxx.APDP5.LOSS.Dyymmdd.Thhmsst” (C:D mainframe)

“[directory]Rxxxxx.APDP5.LOSS.Dyymmdd.Thhmsst” (C:D non-mainframe)

Header Code: “MMAPDPLH”

Trailer Code: “MMAPDPLT”

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

“P.Rxxxxx.APDP5.GAIN.Dyymmdd.Thhmsst.pn” (Gentran Mailbox or TIBCO)  
“zzzzzzz.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
zzzzzzz = 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 F.24 in the Medicare Advantage and Prescription Drug Plans Communications Users Guide for file format and specifications, available at:

[http://www.cms.gov/Research-Statistics-Data-and-Systems/CMS-Information-Technology/mapdhelpdesk/Downloads/PCUG\\_v70\\_Appendices-Final\\_03012013.pdf](http://www.cms.gov/Research-Statistics-Data-and-Systems/CMS-Information-Technology/mapdhelpdesk/Downloads/PCUG_v70_Appendices-Final_03012013.pdf)

We estimate that the file resulting from reassignment will be transmitted on or about **October 18, 2013.**

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 that identifies beneficiaries enrolled 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. 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 it of such reassignments.

The interim notifications will include the beneficiaries’ LIS premium and copayment levels as well as their address. However, PDPs must wait until **after** the Transaction Reply Report (TRR) that will arrive on or about October 18, 2013, 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 2014 premium of their current PDP, and instruct them to contact their current plan if they wish to remain with the plan for 2014. CMS will mail a second blue letter to these beneficiaries in December that identifies which drugs in their current drug regimen are on the formulary of the 2014 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 in 2014. 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/Medicare/Prescription-Drug-Coverage/LimitedIncomeandResources/LIS-Notices-and-Mailings.html>

**Note:** We will use the following data elements from HPMS to populate the blue and tan beneficiary notices: 1) Organization Marketing Name, and 2) 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 memorandum dated August 2, 2013, “2014 Medicare & You” Handbook – Plan Data Preview” from Erin Pressley, Director, Office of Communications, Creative Services Group.**

Please use the following navigation path to verify/update your **Organization Marketing Name:** Contract Management > Basic Contract Management > Select Contract Number > Org. Marketing Data (under the General Information header).

To verify/update your plan’s customer service phone numbers in HPMS, follow this path: Plan Bids>Bid Submission>CY 2014>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). In addition to providing an appropriate Annual Notice of Change (ANOC), “losing” PDPs are responsible for sending a disenrollment confirmation to beneficiaries disenrolled due to reassignment. A model letter for disenrollment due to reassignment is provided in Exhibit 10b of Chapter 3.

As provided in Chapter 3 of the Medicare Prescription Drug Benefit Manual, section 40.1.5 item E, PDPs that are losing enrollees to a different PDP sponsor due to the annual reassignment process have two options for ensuring the requirement to provide current enrollees with the ANOC is met. These sponsors may choose to mail either the standard ANOC or an alternative ANOC (see Exhibit 30, *Optional Notice for “Losing Plan” to LIS Beneficiaries Re-Assigned to a Different PDP Sponsor (in lieu of Annual Notice of Change)* in Chapter 3). Before implementation of the earlier Annual Election Period (AEP) start date (on October 15 of every year), CMS’ reassignment letters (the blue notices) were delivered prior to the date beneficiaries were required to receive the ANOC (or the alternative option of Exhibit 30). Accordingly, the alternative ANOC, which is only sent to beneficiaries who are being reassigned to a different PDP sponsor, references the beneficiary’s earlier receipt of CMS’ reassignment letter. To be consistent with the new AEP start date, CMS also implemented an earlier deadline for delivery of the ANOC. However, a similar adjustment cannot be made to the delivery deadline for the reassignment letters. As a result, affected beneficiaries will receive the ANOC (or alternative) ahead of CMS’ reassignment letter.

We believe that it may be confusing for beneficiaries to receive the alternative ANOC before receiving the CMS reassignment letter. To address this issue, we are requiring, as we did last year, that beneficiaries receive the alternate ANOC by **November 7, 2013**, (instead of September 30<sup>th</sup>) to coordinate with the delivery of CMS’ reassignment letters. This change applies only to those PDP sponsors that are losing enrollees to a different PDP sponsor due to the annual reassignment process this year and have chosen to send the alternative ANOC document. Sponsors that are sending the standard ANOC must comply with the existing requirement to provide this information to affected enrollees by September 30, 2013. PDP sponsors are not required to do anything if the alternative ANOC has already been mailed to affected enrollees.

If a beneficiary chooses to remain in their current plan, the current plan must send its ANOC/EOC and other required annual materials by December 31, 2013.

Plans losing beneficiaries to another PDP sponsor because they are terminating must follow the guidance below regarding termination notices.

## **Characteristics of Reassignment Transactions on the Special TRR**

Once CMS processes reassignment transactions, CMS will transmit a special TRR to plans on or about October 18, 2013, 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, 2013.
- All LIS beneficiaries reassigned due to a plan or contract non-renewal will have an application date of September 30, 2013.

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

**Transaction reply codes (TRC)** = TRC 212 – 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 on the type of connectivity for file transfers that the plan uses:

**Gentran mailbox or TIBCO:**

P.Rxxxxx.SPCLTRD.Dyymmdd.Thhmsst.pn

**Connect:Direct (Mainframe):**

zzzzzzzz.Rxxxxx.SPCLTRD.Dyymmdd.Thhmsst

**Connect:Direct (Non-Mainframe):**

[directory]Rxxxxx.SPCLTRD.Dyymmdd.Thhmsst

See the Key above, for an explanation of these naming conventions. 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 2014. If a reassigned beneficiary contacts the current plan and indicates that s/he wishes to remain enrolled despite incurring premium liability, the beneficiary must make a new enrollment election into the plan 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 2014. **However, please DO NOT transmit these enrollment transactions to CMS until you receive the special TRR confirming the beneficiary’s disenrollment from your plan due to successful reassignment processing.** 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, 2014. In order for a January 1, 2014, 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, 2014, and are affected by a PDP or MA plan non-renewal (or an MA plan reducing its service area). 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 October losing file.

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 separately by CMS via HPMS.

For more information on requirements related to non-renewal generally, please refer to the following documents:

- *Advance Notice of Methodological Changes for Calendar Year (CY) 2014 for Medicare Advantage (MA) Capitation Rates, Part C and Part D Payment Policies and 2014 Call Letter* (Advance Notice) dated February 15, 2013, which contains complete instructions for non-renewing plans and contracts; and
- *Announcement of Calendar Year (CY) 2014 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter* (Final Notice) dated April 1, 2013.

Both of these documents can be found at <http://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Announcements-and-Documents.html>.

### **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 2, 2013**. CMS will release the model notice in the near future. For more information, please refer to the 2014 Advance and Final Notices discussed above.

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

**Please be sure to adhere to the all deadlines.**

**August 23, 2013** – State Pharmaceutical Assistance Programs (SPAPs) that have authorized representative status and intend to move their beneficiaries sent their “carve-out” list to CMS. These beneficiaries will be excluded from reassignment to ensure they are moved only once.

**August 23, 2013** – Plan information in HPMS must be accurate and up-to-date in order to appear correctly on CMS blue letters to beneficiaries.

**September 30, 2013** - Beneficiaries in continuing plans must receive appropriate standard ANOC from their plan (including appropriate language for those beneficiaries being reassigned due to a premium increase).

**October 2, 2013** – Beneficiaries in terminating plans or contracts must receive termination notices from their plan.

**October 4, 2013** – MARx Plan Data Due date (plan payment cutoff date).

**October 18, 2013** – CMS anticipates providing lists of PDP and MA reassignees to States, 1-800-MEDICARE, and “losing” and “gaining” PDPs.

**October 18, 2013**– Special TRR showing successfully processed reassignments estimated to be available.

**Mid October, 2013** – “Gaining” PDPs must submit 4Rx data within 72 hours of receiving the special TRR confirming reassignments.

**Late October, 2013** – CMS begins mailing beneficiary reassignment notices on blue paper.

### **Late October, 2013**

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

**Early November, 2013** – CMS begins mailing beneficiary “choosers” letter on tan paper.

**November 7, 2013** - Beneficiaries who will be reassigned from a plan must receive their alternate ANOC/EOC (Exhibit 30, Chapter 3) from the losing plan if the plan chooses to send the alternate ANOC instead of the standard ANOC.

**Mid-December, 2013** – CMS begins mailing reassigned beneficiaries a second blue notice identifying which drugs in their current drug regimen are on the formulary of the 2014 plan to which they are being reassigned, and how to request an exception or appeal or file a grievance.

**January 1, 2014** – Reassignment effective date.

**For Assistance**

If you have specific policy questions about any of these instructions, please contact Steve Ludwig at 410-786-0554 or [Stephen.Ludwig@cms.hhs.gov](mailto:Stephen.Ludwig@cms.hhs.gov). If you have technical questions about file format or transactions, you should contact the MAPD Help Desk at 1-800-927-8069 or [MAPDhelp@cms.hhs.gov](mailto:MAPDhelp@cms.hhs.gov).

**ATTACHMENT - 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.

<b>Beneficiary's LIS Status</b>	<b>2013 Plan Enrollment</b>	<b>2014 Plan Status</b>	<b>Beneficiary Reassignment from 2013 Plan</b>	<b>CMS Letter Sent</b>
100% premium subsidy in 2014	Auto or Facilitated or reassigned to PDP in 2013  OR  Remained in auto/facilitated assigned plan that waived the de minimis in 2012	<u><b>Above</b></u> the 2014 regional LIS benchmark amount  OR  <u><b>At or below</b></u> the de minimis amount but <b>PDP DOES NOT</b> volunteer	<b>YES</b>	<b>Blue Letter (Pub. 11209)</b>
Any LIS Subsidy		PDP and/or MA Plan terminating in 2013  MA Plan that is reducing its service area as of 2014.	<b>YES</b>	<b>PDP Terminations - Blue Letter (Pub. 11208)</b>  <b>MA Terminations - Blue Letter (Pub. 11443)</b>
100% premium subsidy in 2014	Chose a PDP	<u><b>Above</b></u> the 2014 regional LIS benchmark amount  OR  <u><b>At or below</b></u> the de minimis amount <b>AND</b> the PDP <u><b>DOES NOT</b></u> volunteer to waive de minimis	<b>NO</b>	<b>Tan Letter (Pub. 11267)</b>