

DEPARTMENT OF HEALTH &
HUMAN SERVICES
Centers for Medicare & Medicaid
Services 7500 Security Boulevard
Baltimore, Maryland 21244-1850



CENTER FOR MEDICARE

DATE: December 22, 2023

TO: All Part D Plans

FROM: Jerry Mulcahy, Director, Medicare Enrollment and Appeals Group
Jennifer R. Shapiro, Director, Medicare Plan Payment Group

SUBJECT: ACTION: Open-ended Low Income Subsidy (LIS) periods correction

On November 8, 2023, a data cleanup was conducted to correct open-ended LIS periods that were out of sync with SSA records. New end dates to LIS periods were retroactively populated and plans received Transaction Reply Codes (TRC) 121 (Low Income Period Status) and 223 (Low Income Period Removed from Enrollment Period) on the November 10, 2023, Daily Transaction Reply Report (DTRR).

The November 8, 2023 data cleanup caused unanticipated beneficiary impact, resulting in some beneficiaries being notified of retroactive premium and/or cost-sharing amounts due. Because this beneficiary impact was a direct consequence of government data systems being out of sync, CMS is working through a process to resolve this issue.

Due to the timing of this issue coming to light, we understand that some beneficiaries have already received invoices from Part D plans requesting that they pay retroactive premium and cost-sharing amounts. Additionally, some plans may have updated their systems to begin administering the Part D benefit with respect to the affected beneficiaries with non-LIS premiums and cost-sharing.

CMS requests that, until you receive further notification from CMS, MA organizations and Part D sponsors pause any collection efforts for Part D premiums or cost-sharing for the beneficiaries impacted by the November 8, 2023 cleanup. Further, to the extent possible, we request that plans continue to administer the Part D benefit with respect to the affected beneficiaries with LIS-level premiums and cost-sharing by disregarding the Transaction Reply Codes (TRC) 121 (Low Income Period Status) with retroactive LIS end dates received on the November 10, 2023 DTRR file or taking other, similar action. We recognize that this approach may result in Prescription Drug Event (PDE) submissions that are rejected. Plans will be notified when these rejected PDEs can be resubmitted.

The January 2024 payment to Part D plans will include a reduction in payments to reflect LIS

status for beneficiaries as shown on the November 10, 2023 DTRR. CMS expects these payment reductions to be reversed once CMS has established a process to grant beneficiaries relief.

We apologize for this error and the inconvenience and confusion this has caused. Additional instructions will be forthcoming. Questions regarding this message can be sent to mapdhelp@cms.hhs.gov.