



## MEDICARE ENROLLMENT & APPEALS GROUP

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**DATE:** September 19, 2016

**TO:** All Prescription Drug Plan Sponsors

**FROM:** Michael Crochunis  
Acting Director

**SUBJECT:** 2017 Reassignment of Low-Income Subsidy Beneficiaries in Prescription Drug Plans

### Overview of the Reassignment Process

In October, the Centers for Medicare & Medicaid Services (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 2016, will remain LIS-eligible in 2017, 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 2017 (including the PDPs that do not volunteer to waive the de minimis amount); or,
2. Are enrolled in a PDP that will be non-renewing, 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 (on Eligibility, Enrollment, and Disenrollment) of the Medicare Prescription Drug Benefit Manual, available at:

<https://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 non-renewing or reducing their service area as of 2017. LIS-eligible 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 non-renewing or reducing their service area will be provided in separate guidance.

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 July 29, 2016 "*Annual Release of Part D National Average Bid Amount and other Part C and D Bid Information*" from Sean Cavanaugh, Deputy Administrator & Director, Center for Medicare.

CMS will not reassign LIS members from plans that volunteered to waive the de minimis amount. For continuing PDPs, 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 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 reassignees 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 2017 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 2017 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 “Auto-Assignment Address 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.23 in the Medicare Advantage and Prescription Drug Plans Communications Users Guide for file format and specifications, available at:

[https://www.cms.gov/Research-Statistics-Data-and-Systems/CMS-Information-technology/mapdhelpdesk/Plan\\_Communications\\_User\\_Guide.html](https://www.cms.gov/Research-Statistics-Data-and-Systems/CMS-Information-technology/mapdhelpdesk/Plan_Communications_User_Guide.html)

We estimate that the file resulting from reassignment will be transmitted on or about October 10, 2016.

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. Thus, a PDP may receive a “gaining beneficiary” file even if none of the PDPs in their region is losing beneficiaries to reassignment. 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 10, 2016, which will contain confirmed enrollments resulting from the reassignment 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 2017 premium of their current PDP, and instruct them to contact their current plan if they wish to remain with the plan if it is available to them in 2017. As required by the Affordable Care Act, CMS will mail a second blue letter to these beneficiaries in December. This second notice will identify which drugs in their current drug regimen are on the formulary of the 2017 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.” Choosers are full-subsidy eligible individuals who chose PDPs that will have a Part D premium liability greater than \$0 in 2017. 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. The reassignment and chooser 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 these 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 15, 2016, “Contract Year (CY) 2017 “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 2017>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). Losing PDPs are responsible for sending an appropriate Annual Notice of Change (ANOC) and disenrollment confirmation to beneficiaries being 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, section 40.1.5 - E, losing PDPs have two options for ensuring the requirement to provide current enrollees with the ANOC is met. These sponsors may choose to mail—

- The standard ANOC by September 30, 2016; or
- The alternative ANOC (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) by November 07, 2016. Note that this date is later to avoid preempting CMS' blue reassignment notice and creating potential beneficiary confusion.

If a beneficiary chooses to remain in their current plan, the current plan must send its ANOC/Evidence of Coverage (EOC) and other required annual materials by December 31, 2016.

Plans losing beneficiaries to another PDP sponsor because they are non-renewing must follow the guidance below regarding non-renewal 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 10, 2016, 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 June 01, 2016.
- All LIS beneficiaries reassigned due to a plan or contract non-renewal will have an application date of September 30, 2016.

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

**Transaction reply codes** = 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 on page 3 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 transaction reply codes (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 with the plan if it is available to them in 2017. 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 2017. **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 01, 2017. In order for a January 01, 2017, 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, 2017, 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 (i.e., choosers). 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 non-renewing 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 by CMS via HPMS. For more information on general non-renewal requirements, please refer to the following document:

- *Announcement of Calendar Year (CY) 2017 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter (Final Notice) dated April 4, 2016.*

This document can be found at <http://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Announcements-and-Documents.html>.

### **Plan Communication to Affected Beneficiaries Regarding Non-Renewal**

Consistent with 42 CFR 423.507(a), PDP sponsors that are non-renewing contracts must issue a written notice of the impending plan non-renewal 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 non-renewal notice from plans no later than October 2, 2016**. CMS will release the model notice in the near future. For more information, please refer to the 2017 Advance and Final Notices discussed above.

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

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

**September 30, 2016** - 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 02, 2016** – Beneficiaries in non-renewing plans or contracts must receive non-renewal notices from their plan.

**October 07, 2016** – MARx Plan Data Due date (plan payment cutoff date).

**October 10, 2016** – Special TRR showing successfully processed reassignments estimated to be available.

**Mid-October, 2016** – CMS anticipates providing lists of PDP and MA reassigees to States, 1-800-MEDICARE, and losing and gaining PDPs.

**Mid October, 2016** – Gaining PDPs must submit 4Rx data within 72 hours of receiving the special TRR confirming reassignments.

**Late October 2016** – CMS begins mailing beneficiary reassignment notices on blue paper.

**Late October 2016**

- **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 2016** – CMS begins mailing beneficiary “chooser” letter on tan paper.

**November 07, 2016** 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 2016** – CMS begins mailing reassigned beneficiaries a second blue notice identifying which drugs in their current drug regimen are on the formulary of the 2017 plan to which they are being reassigned, and how to request an exception or appeal, or file a grievance.

**January 01, 2017** – 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

**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>2016 Plan Enrollment</b>	<b>2017 Plan Status</b>	<b>Beneficiary Reassignment from 2016 Plan</b>	<b>CMS Letter Sent</b>
100% premium subsidy in 2017	Auto, facilitated or reassigned to PDP in 2016  OR  Remained in auto/facilitated assigned plan that waived the de minimis amount in 2016	<b><u>Above</u></b> the 2017 regional LIS benchmark amount  OR  <b><u>At or below</u></b> the de minimis amount but <b>PDP DOES NOT</b> volunteer to waive the de minimis amount	<b>YES</b>	<b>Blue Letter (Pub. 11209)</b>
Any LIS Subsidy	Any PDP or MA PD plan	PDP and/or MA plan non-renewing for 2017  OR  MA plan reducing its service area as of 2017.	<b>YES</b>	<b>PDP Non-Renewals - Blue Letter (Pub. 11208)</b>  <b>MA Non-Renewals - Blue Letter (Pub. 11443)</b>
100% premium subsidy in 2017	Chose a PDP	<b><u>Above</u></b> the 2017 regional LIS benchmark amount  OR  <b><u>At or below</u></b> the de minimis amount <b>AND</b> the PDP <b><u>DOES NOT</u></b> volunteer to waive the de minimis amount	<b>NO</b>	<b>Tan Letter (Pub. 11267)</b>