



Date: March 10, 2006

Memorandum To: All Part D Sponsors

From: Mark McClellan, M.D., Ph.D., Administrator

Subject: CMS' Expectations of Part D Sponsors

Thank you for your participation in the Medicare prescription drug benefit. Since the benefit began on January 1, the program has met or exceeded our expectations in many respects. With your efforts, more than 25 million Medicare beneficiaries have access to prescription drugs; a million individuals are signing up per month; costs are lower than expected; and pharmacies are filling a million prescriptions per day.

In other respects, however, our performance and the performance of our partners can continue to improve. We've discussed a number of these areas of improvement with you. Specifically, I wanted to review with you four areas where many plans can continue to improve performance:

1. Effective Data Systems: Part D plans must have data systems that can effectively handle near real-time data processing. It is important that plans have procedures in place to provide timely and complete updates on enrollment and copay data, particularly for beneficiaries eligible for Medicaid or the low-income subsidy. Plans must also have effective business processes for prompt resolution of casework involving eligibility and copay status. Furthermore, we expect plans to provide timely and complete 4Rx information to ensure that pharmacists can fill prescriptions for Medicare drug plan members without interruption.
2. Effective Exceptions and Appeals: Successful plans will use formulary rules and management and prior authorization to avoid inappropriate drug costs without unnecessary burdens or inappropriate roadblocks for providers and beneficiaries. We expect plans to follow our transition guidance including provision of a 30-day supply of non-formulary medications and for enrollees to have clear guidance, consistent with your contract requirements, on how to proceed with transition from non-formulary drugs. Furthermore, CMS expects plans to reduce administrative burdens for pharmacies, physicians, and beneficiaries through efforts to use consistent forms for their exceptions and prior authorization processes, and to use consistent code responses when edits apply in pharmacy transactions.

3. Strong Relationships with Pharmacists: Successful plans will have effective relationships with the pharmacists serving their members. This includes compliance with contractual agreements with participating pharmacies, and with Medicare performance requirements related to pharmacy services.

4. Effective Customer Service: Successful plans will provide sufficient access to trained customer service representatives in their call centers, and will take other necessary steps to meet their contractual requirements to provide timely and effective responses to inquiries from members, pharmacies, physicians, and other professionals.

CMS is tracking performance, including through monitoring plan procedures and websites as well as complaints, to help promote plan success and to provide more information to plan members and others on the quality of plan service. In this letter, I would like to provide an update on our monitoring of plan customer service.

As you may be aware, for the past several weeks, an HHS contractor has been monitoring the performance of plans in answering their customer service and pharmacy assistance lines. We have received preliminary data from our contractor. Because the data is preliminary, and because we are still refining how that data would be collected and presented, we will not be making these data available to the public immediately. We expect to make your organization's data available to you for your review and comment within the next several weeks.

The early data appear to show good news and bad news. On the one hand, the data show that for completed calls, the wait times to speak to a customer service representative are very good and in total nowhere close to the anecdotal accounts that have prominent media attention in the first weeks of January. On the other hand, the data show a troubling number of calls that could not be completed. Some of these calls reflect cases where our contractor for a variety of reasons simply could not reach a live person who could provide information that a plan member might be looking for. Because of the significant number of incomplete calls, we are not yet able to construct a complete and accurate record of Part D organizations' customer service performance.

We are refining our methods for collecting and reporting the data. Before we finalize these methods, we want to discuss with you what your organization's data appear to show, and solicit your suggestions about how we would present future data about your plan to the public. I know that some of you have expressed concern about specific aspects of the survey methods; to the extent that you have timely and constructive criticisms about how it might be improved, we are anxious to hear your suggestions.

Again, thank you for your participation in the new Medicare prescription drug benefit. We have had many successes – and it is important to continue to improve upon them.