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DATE: June 10, 2010
TO: Part D Sponsors
FROM: Cynthia G. Tudor, Ph.D., Director, Medicare Drug Benefit and C & D Data Group
SUBJECT: 2010 Coverage Gap Rebate

The Health Care and Education Reconciliation Act of 2010 (HCERA) amends §1860D-42 of the Social Security Act (the Act) by adding subsection “(c) Coverage Gap Rebate for 2010.” Under this program, applicable Part D enrollees, as defined in subparagraphs (A) through (D) of section 1860D-14A(g)(1) of the Act, that reach the Part D coverage gap in 2010 are eligible for a one-time \$250 payment. Part D enrollees who are entitled to an income related subsidy under section 1860D-14(a) are not eligible to receive the rebate. This memorandum provides guidance to Part D sponsors on the implementation of the 2010 Coverage Gap Rebate program.

CMS will be issuing rebate checks on a monthly basis beginning in June 2010. We will analyze Part D prescription drug event (PDE) data to identify applicable Part D enrollees that have reached the coverage gap. Given the inherent delay already associated with using PDE data to identify these enrollees, prompt submission of PDE records is necessary to ensure that applicable Part D enrollees receive their rebates timely.

Each month CMS will provide its contractor, Wisconsin Physician Services, with the names and addresses of those applicable enrollees that CMS has identified as having reached the coverage gap. Wisconsin Physician Services will mail the \$250 rebate check to each of these enrollees along with a brief letter explaining why they are receiving the rebate.

In addition to submitting timely PDE records, Part D sponsors can expect inquiries from their enrollees concerning the 2010 Coverage Gap Rebate. Part D sponsors must be prepared to address situations such as:

- The enrollee has not received their rebate check because of an address change;
- The enrollee has not received a rebate check because of late or yet-to-be submitted PDE records;
- The enrollee does not understand how they reached the coverage gap; or
- The enrollee mistakenly believes they reached the coverage gap, but did not.

CMS will only use the addresses on file in the Social Security database to send rebate checks to Part D enrollees and, therefore, Part D sponsors should instruct their enrollees with address changes to ensure that they update those addresses directly with Social Security. In addition, CMS will not mail checks to addresses outside of the United States and its territories even if such addresses are on file with Social Security. While we recognize that some enrollees may have temporary addresses outside of the United States and its territories, we remind Part D sponsors that their enrollees must permanently reside in their service area.

In some instances, Part D sponsors will need to evaluate an applicable enrollee's claims information to determine if the enrollee actually reached the coverage gap and if all PDE records have been submitted to CMS.

- If the Part D sponsor determines that an applicable enrollee has reached the coverage gap and that all supporting PDE records have been submitted to CMS, the enrollee should be instructed to wait at least four months after the month they reached the coverage gap before contacting 1-800-Medicare to lodge a complaint.
- If the Part D sponsor has not submitted the necessary PDE records or the enrollee has not actually reached the coverage gap, the Part D sponsor should provide this explanation to the enrollee and promptly submit outstanding PDE records, if applicable.

In the event that an applicable enrollee contacts 1-800-Medicare (1-800-633-4227) regarding the status of their rebate check after waiting at least four months after the month they reached the coverage gap, 1-800-Medicare will enter a complaint into the Complaint Tracking Module (CTM). Part D sponsors are responsible for resolution of assigned complaints within the appropriate CMS resolution time frames. CMS also will use these complaints to determine the enrollees' eligibility for receiving a rebate check.

Part D sponsors should direct their enrollees to contact 1-800-Medicare if they report issues concerning a rebate check they received. Sponsors also may refer to the \$250 Rebate Check tip sheet, currently available at <http://www.medicare.gov/Publications/Pubs/pdf/11464.pdf> and available to Medicare beneficiaries by request from 1-800-Medicare, for answers to other frequently asked questions.