

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR BENEFICIARY CHOICES

DATE: November 1, 2006

Memorandum To: All Part D Sponsors

Subject: Coordinating Benefits with Medicaid Managed Care Organizations

From: Cynthia Tudor, Director, Medicare Drug Benefit Group

This memorandum serves to clarify to Part D sponsors that the Section 402 State Repayment Demonstration Project (State-to-Plan Reconciliation), does not apply to the reconciliation of prescription drug claims paid for by Medicaid managed care organizations (Medicaid MCOs), nor does it apply to non low-income subsidy (non-LIS) claims paid for by state pharmaceutical assistance programs (SPAPs). The demonstration only allows state Medicaid agencies, SPAPs and similar state programs that have directly assisted their dual eligible and low-income subsidy entitled populations in obtaining and accessing Medicare Part D coverage to be reimbursed for their efforts. Other payers of prescription drug coverage, like Medicaid MCOs, are not included in this demonstration project.

Part D plans must coordinate benefits with other providers of prescription drug coverage, including Medicaid MCOs and SPAPs, in accordance with 1860D-23 and 1860D-24 of the Social Security Act (the Act) and Subpart J of the Federal regulations implementing Part D. Consistent with the coordination of benefit (COB) requirements implemented under the regulation at 42 CFR 423.464(b), plans are required to reimburse Medicaid MCOs and SPAPs when they, instead of the plan, paid the claims in full up to the amount the plan would have paid as the primary payer.

Other payers may contact the plans via the COB contacts listed on our website when reconciling claims with Part D plans. Please ensure that your contact listed in HPMS is accurate. CMS has placed a list of Part D plan COB contacts on our website at: www.cms.hhs.gov/PrescriptionDrugCovContra/02_RxContracting_COB.asp#TopOfPage, to assist other payers in making these contacts.

Thank you for your continued assistance with the implementation of the Part D benefit.