

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

To: Medicare Prescription Drug Plans (PDPs)

From: Anthony J. Culotta, Acting Director /s/
Medicare Enrollment and Appeals Group

Subject: Updated Guidance – Changes to Effective Date and PDP Notice
Requirements for Auto-Enrollment and Facilitated Enrollment

Date: March 17, 2006

The purpose of this memo is to provide information and guidance about the following:

- The first round of facilitated enrollment, effective May 1, 2006
- Effective dates for future auto-enrollment actions
- Retroactive enrollments for full-dual beneficiaries who have voluntarily enrolled in a PDP

Earlier this week, CMS released two transaction files to PDPs that contain information about beneficiaries to be facilitated or auto-enrolled into Part D. This memo outlines requirements associated with both the facilitated enrollment and auto-enrollment processes, and provides updated guidance. The first file, released on March 13, includes those beneficiaries who have been auto-enrolled or facilitated enrolled. The second, released on March 15, was a special Transaction Reply Report that includes only the facilitated enrollment population.

CMS is changing the effective date of auto-enrollment for certain subsets of full-benefit dual eligibles. In addition, CMS is modifying previous guidance provided on November 10, 2005 as to when PDPs must provide a confirmation notice to new auto-enrollees, and is extending this requirement to facilitated enrollees. CMS is also changing the effective date of the initial round of facilitated enrollment for non-full benefit dual eligibles who are eligible for the low-income subsidy from June 1, 2006 to May 1, 2006.

Facilitated Enrollment Effective May 1, 2006

The effective date of facilitated enrollment for beneficiaries included in the special March 15 Transaction Reply Report will be May 1, 2006. Facilitated enrollments can be distinguished by looking for the following: Field 21 – Enrollment Source = C (facilitated enrollment); and Transaction Reply Code = 118 (facilitated enrollment).

Thus, the effective date of facilitated enrollment of non-full benefit dual eligibles who are eligible for the low-income subsidy remains prospective, i.e. the first day of the second month after the beneficiary is included in a monthly facilitated enrollment run, as outlined in section 30.1.5.B of CMS' PDP Eligibility, Enrollment and Disenrollment Guidance).

New Guidance on Auto-Enrollment Effective Date

Under our existing PDP Eligibility, Enrollment and Disenrollment Guidance (Section 30.1.4.B.), the auto-enrollment effective date for full-benefit dual eligibles who are first Medicare eligible and subsequently become Medicaid eligible, is the first day of the second month after the person is identified by CMS (i.e., included in our monthly auto-enrollment process. However, this policy may result in a gap in prescription drug coverage for these individuals. Likewise, full-benefit dual eligibles who voluntarily enroll in a Part D may experience a gap in prescription drug coverage, since that enrollment is effective prospectively.

Therefore, effective immediately, the effective date of auto-enrollment for full-benefit dual eligibles who are Medicare eligible and subsequently become Medicaid eligible will be the first day of the month of Medicaid eligibility or January 1, 2006, whichever is later. This includes those individuals who become eligible for both Medicare and Medicaid in the same month. This updated guidance supersedes instructions in Section 30.1.4.B of CMS' PDP Eligibility, Enrollment and Disenrollment Guidance as applicable to this subset of auto-enrollees. CMS will continue to calculate the effective date of auto-enrollments and provide this information on the Transaction Reply Report (TRR) and the PDP notification file.

Revised Guidance on Auto-Enrollment Effective Date for Full-Benefit Dual Eligibles With Previous Enrollment in a Part D Plan

Also, effective immediately, the auto-enrollment effective date for full-benefit dual eligibles who had previously been enrolled in a Part D plan, but disenrolled and failed to enroll in a new Part D plan, is the first day of the month after the disenrollment effective date from the previous Part D plan. This updated guidance supersedes Section 30.1.4.B of CMS' PDP Eligibility, Enrollment and Disenrollment Guidance as applicable to this subset of auto-enrollees.

Thus, all auto-enrollments will now have a retroactive effective date, as follows:

- New full-benefit dual eligibles who are Medicare eligible first will be auto-enrolled retroactive to the start of Medicaid eligibility;
- New full-benefit dual eligibles who are Medicaid eligible first will be auto-enrolled retroactive to the start of Medicare Part D eligibility as outlined in Section 30.1.4.D. (which remains unchanged for the population who is Medicaid first and then becomes Medicare eligible);
- Full-benefit dual eligibles with previous Part D plan enrollment will be auto-enrolled retroactive to the day after the end of that previous coverage.

Revised Guidance on Effective Date of Voluntary Enrollment by Full-Benefit Dual Eligibles with Out-of-Pocket Costs in Previous Uncovered Months

In limited instances, a full-benefit dual eligible voluntarily enrolls in a Part D plan in the month(s) before the individual would otherwise have been auto-enrolled. Individuals with active elections are not included in our auto-enrollment process. However, since an individual's elected enrollment normally would not be effective until the first day of the following month, this would mean that the individual would have a coverage gap before the effective date of the election and thus would likely incur out-of-pocket prescription drug costs.

To remedy this situation, we are establishing a Special Enrollment Period (SEP) that will permit such individuals to have their voluntary enrollment be retroactive to the first day of the previous un-covered month(s). The effective date is retroactive only to the beginning of the month in which there were out-of-pocket costs, not necessarily all months in which there was no Part D plan enrollment. Please note that the beneficiary must have been a full-benefit dual eligible during each of the uncovered month(s), and incurred out-of-pocket costs during this time. Where these cases originate with CMS, caseworkers in CMS' Regional Offices will take the appropriate action and notify the PDP. If a full-benefit dual eligible member requests this retroactive coverage directly from the PDP, the PDP must develop the retroactive request and submit it to CMS Division of Payment Operations.

Revised Guidance on Deadline for PDP Confirmation Notice to New Auto- and Facilitated Enrollees

Beginning in June 2006, PDPs must provide the confirmation notice to new auto- and facilitated enrollees within seven (7) business days of receiving the weekly TRR with confirmation of auto- or facilitated enrollment, or the PDP notification file (monthly file listing assignments, that also includes address data), whichever is later. This requirement must be met for new auto- and facilitated enrollees beginning in June 2006, and replaces guidance issued on November 10, 2005 (see Q&A #5) for auto-enrollees, and section 30.1.5.D of the PDP Guidance.

Further Information

We appreciate PDPs' continued cooperation in ensuring full-benefit dual eligibles do not experience coverage gaps, and that all auto- and facilitated enrollees are notified in a timely manner that their enrollment is confirmed. If you have any questions, please contact Sharon Donovan at (410) 786-2561, or sharon.donovan@cms.hhs.gov