

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
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**Medicare Plan Payment Group**  
**Innovative Healthcare Delivery Systems Group**

**DATE:** January 13, 2015

**TO:** All Medicare Advantage, Prescription Drug Plan, Cost, PACE, and Demonstration Organizations Systems Staff

**FROM:** Cheri Rice /s/  
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**SUBJECT:** Advance Announcement of the May 2015 Software Release

The Centers for Medicare and Medicaid Services (CMS) continues to implement software improvements to the enrollment and payment systems that support Medicare Advantage and Prescription Drug (MAPD) programs. This letter provides advanced information regarding the planned release of systems changes scheduled for May 2015. This release focuses on improving the efficiency of CMS systems as well as Plan processing.

The May 2015 Release changes are as follows and may require Plan action:

1. [Add Plan Benefit Package \(PBP\) Number, Plan Type Code, Employer Group Health Plan \(EGHP\) Indicator, and End Stage Renal Disease \(ESRD\) Indicator to the Batch Eligibility Query \(BEQ\) Response File](#)
2. [Eligibility For Enrollment And Involuntary Disenrollment Due To Incarceration Status](#)

In February 2015, CMS intends to provide the detailed information that Plans will require for implementation in May 2015.

**1. Add Plan Benefit Package (PBP) Number, Plan Type Code, Employer Group Health Plan (EGHP) Indicator, and End Stage Renal Disease (ESRD) Indicator to the Batch Eligibility Query (BEQ) Response File**

Currently, the BEQ response provides ‘Part C/D Contract Number,’ but the PBP number, Plan Type Code, EGHP Indicator, and ESRD Indicator are missing in the response file back to the Plan or state. Unlike the Medicare Advantage Prescription Drug (MAPD) enrollment/disenrollment processes, State Medicaid Agencies administer the enrollment process for the Medicare-Medicaid Plan (MMP), including enrollments, disenrollments, cancellations, and opting-out of passive enrollment. With implementation of the May 2015 release, these additional data elements (PBP number, Plan Type Code, EGHP Indicator and ESRD Indicator) will be included in the BEQ response file and will allow states to effectively select the right dual eligible individuals for passive enrollments into an MMP. This update will also help reduce or eliminate beneficiary confusion since states will be able to identify ineligible individuals prior to passive enrollment and prevent erroneous passive enrollment notice mailings.

Please note that these four additional elements will be returned to **all users** (Plan or State) submitting a BEQ request file to CMS.

State Medicaid Agencies accesses the Medicare Advantage and Prescription Drug System (MARx) eligibility screen (M232) to obtain real-time Medicare eligibility information for the purpose of determining MMP eligibility of the dual beneficiary. Currently, M232 screen currently does not display Plan Type Code information; this enhancement will be added in May 2015.

**2. Eligibility For Enrollment And Involuntary Disenrollment Due To Incarceration Status**

Under sections 1851(b)(1)(A), 1860D-1(b)(1)(B)(i), and 1876(a)(1)(A) of the Social Security Act, individuals whose permanent residence is outside the Plan's service area are ineligible to enroll in or to remain enrolled in Medicare Advantage (MA), Part D, or §1876 cost plans. Based on the definition of service area established in 42 C.F.R. §§ 417.1, 422.2 and 423.4, individuals who are incarcerated are considered out of the Plan's service area. As such, individuals who become incarcerated while enrolled are ineligible to remain enrolled because they do not meet the eligibility criterion of residing in the Plan's service area.

With the implementation of this update, if the Social Security Administration (SSA) confirms an individual as incarcerated, CMS will annotate the record with the confirmed incarceration status and make it available to the Plan through the Daily Transaction Reply Report (DTRR). In most cases, Plans will obtain an individual's incarceration status at the time of enrollment from the BEQ process or MARx online query. Further, CMS will reject any new enrollments in MA, Part D, or cost plans submitted to MARx with an effective date during which a beneficiary is

confirmed as incarcerated and Plans will receive notice of the rejection through the DTRR using a new Transaction Reply Code (TRC).

In addition, CMS will involuntarily disenroll individuals who are currently enrolled in MA, Part D, or cost plans when it receives notification from SSA of a period of confirmed incarceration which overlaps the individual's enrollment in an MA or Part D plan. CMS will notify Plans of this action through the DTRR using a new TRC. The effective date of such disenrollments will be the first of the month after the incarceration start date. In some cases, CMS may receive an incarceration period from SSA with a retroactive start and end date. If the incarceration period overlaps enrollment in a Plan, the beneficiary will be disenrolled for the months of the confirmed incarceration and then re-enrolled into the Plan for the months following the incarceration period. A new TRC will be provided on the DTRR for the re-enrollment.

Plans should note that they will still receive notification of possible out of area due to incarceration transactions (TRC 155) on the DTRR for which they will need to confirm incarceration status, as outlined in Chapter 2 and Chapter 17, Subchapter D, of the Medicare Managed Care Manual and Chapter 3 of the Medicare Prescription Drug Benefit Manual.

Plans are encouraged to contact the MAPD Help Desk for any issues encountered during the systems update process. Please direct any questions or concerns to the MAPD Help Desk at 1-800-927-8069 or e-mail at [mapdhelp@cms.hhs.gov](mailto:mapdhelp@cms.hhs.gov).