

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850



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TO: All Part D Sponsors

FROM: Cynthia G. Tudor, Ph.D., Director, Medicare Drug Benefit and C & D Data Group

SUBJECT: Special Process for End-of-Year Pharmacy Benefit Manager (PBM)-related 4Rx Changes

DATE: February 25, 2010

The purpose of this memorandum is to discuss the problems that have arisen from end-of-year PBM changes and the associated changes in 4Rx data. As noted in the December 10, 2009 memorandum entitled, "Submission of End-of-Year 4Rx Changes," 4Rx changes that are not the result of enrollment changes overlay existing data in CMS systems. Coverage year 4Rx changes that are due to a sponsor's PBM change are particularly problematic for the automated TrOOP balance transfer process, because the TrOOP Facilitator must use the new 4Rx data to route not only current year, but also prior year financial information reporting (FIR) transactions. CMS is aware that, in some cases, if the new PBM cannot respond with the prior year data, these transactions are being rejected. CMS also recognizes sponsors are concerned about the impact of these rejections on sponsor compliance. However, we want to clarify that it is our intention to implement the new beneficiary-level compliance process for transactions that are initiated in 2010; i.e., for those transactions created as a result of enrollment changes effective in 2010. Therefore, 2009 FIR transactions, including those sent since January 1st will not be subject to this particular compliance process.

However, given the problems these 4Rx data changes are creating for continuing a coverage year's FIR transactions to March 31<sup>st</sup> of the subsequent year, CMS directed the TrOOP Facilitator to end the automated TrOOP balance transfer for 2009. As a result, on January 31, 2010, the TrOOP Facilitator transmitted the final set of 2009 FIR transactions. Although the automated transfer process has ended, should a sponsor or processor identify a material change to a beneficiary's 2009 accumulator data, the sponsor should contact the TrOOP Facilitator. (For this purpose, material changes are those that involve a non-low income subsidy eligible beneficiary and result in a single or accumulated change of \$50 or more to the beneficiary's TrOOP or gross covered drug costs, or are the result of a beneficiary's complaint that his or her accumulators are inaccurate and this inaccuracy affects his or her position in the benefit.) Using CMS enrollment data, the TrOOP Facilitator and CMS will then facilitate the transfer of the data between the sponsors. At this time, CMS expects that a CMS systems change to fix the problem may not occur until 2011 or 2012; we will issue further information when it becomes available.

CMS is likewise aware that the routing of prior year Nx transactions is also affected when new 4Rx data overlay the prior year's data. This, however, is not a new problem, but rather one that came to light as a result of the impact on FIR transactions. CMS expects that sponsors that previously changed PBMs have developed processes for ensuring that prior year Nx transactions are received by the correct PBM. We also expect that, until the overlay issue is resolved, sponsors changing PBMs will work with their processors to ensure the correct processor ultimately receives prior year Nx transactions.

If you have any questions concerning this memorandum, please contact Deborah Larwood at 410-786-9500 or [Deborah.Larwood@cms.hhs.gov](mailto:Deborah.Larwood@cms.hhs.gov).