

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



**CENTER FOR MEDICARE**

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**DATE:** September 9, 2014

**TO:** Medicare Advantage Organizations

**FROM:** Arrah Tabe-Bedward, Director  
Medicare Enrollment and Appeals Group

**SUBJECT:** 2015 Reassignment of Low-Income Subsidy Beneficiaries in Non-Renewing Medicare Advantage Plans and Medicare Advantage Plans Reducing their Service Areas

**Overview of the Medicare Advantage Reassignment Process**

In October, the Centers for Medicare & Medicaid Services (CMS) will conduct reassignment of beneficiaries eligible for the Part D low-income subsidy (LIS) who are enrolled in certain Medicare Advantage (MA) plans as described below. CMS will carry out all reassignments, including assigning beneficiaries into zero premium prescription drug plans (PDPs) owned by the same organization, if available, or randomly assigning beneficiaries to PDPs offered by different sponsors.

CMS will reassign only individuals who meet the following criteria:

1. Are LIS-eligible in 2014 and will remain LIS-eligible in 2015; AND
2. Are enrolled in an MA plan that will be non-renewing or has a service area reduction (SAR), unless the plan is an MA Private Fee-for-Service plan and the individual already has concomitant enrollment in a stand-alone PDP that is not affected by PDP premium increase reassignment for 2015.

For further guidance on this process, please see §40.1.8 of Chapter 2 (on Enrollment and Disenrollment) of the Medicare Managed Care Manual (“Chapter 2”), available on the Web at <http://www.cms.gov/Medicare/Eligibility-and-Enrollment/MedicareMangCareEligEnrol/index.html>

Please note that reassignment occurs for MA plans that are non-renewing or have an approved SAR as of 2015, including non-renewing MA-only plans as well as Medicare Advantage Prescription Drug (MA-PD) plans. Beneficiaries in these MA plans are reassigned into PDPs only, but they will have the option of electing another MA plan. Information about reassignment of beneficiaries enrolled in PDPs is provided in separate guidance (please refer to the memorandum “2015 Reassignment of Low-Income Subsidy Beneficiaries in Prescription Drug

*Plans*” dated September 9, 2014, from Arrah Tabe-Bedward, Director, Medicare Enrollment & Appeals Group, available in HPMS). In addition, LIS-eligible beneficiaries in U.S. territories or employer-sponsored MA-only or MA-PD plans will not be reassigned.

Key information about this year’s process is outlined below, including details about the beneficiary notifications sent by CMS and a reassignment process timeline.

### **CMS Notification to Affected Beneficiaries**

CMS plans to mail notices (printed on blue paper) to the affected beneficiaries in late October. These notices will inform beneficiaries who are being reassigned of their prospective zero premium PDP and indicate that they will have Original Medicare as their health coverage unless they choose another MA plan.

As required by the Affordable Care Act, CMS will mail a second blue letter to these beneficiaries in December. This second notice will identify which drugs in their current drug regimen are on the formulary of the 2015 plan to which they are being reassigned, and how to request an exception or appeal, or file a grievance. Once these notices are finalized in September, they will be available at <http://www.cms.gov/Medicare/Prescription-Drug-Coverage/LimitedIncomeandResources/LIS-Notices-and-Mailings.html>

### **CMS Notification to Gaining PDPs**

CMS also notifies PDPs of individuals who will be reassigned to their plan for 2015 from non-renewing MA plans. For requirements applicable to gaining PDPs, please refer to the memorandum “*2015 Reassignment of Low-Income Subsidy Beneficiaries in Prescription Drug Plans*” dated September 9, 2014, from Arrah Tabe-Bedward, Director, Medicare Enrollment and Appeals Group which is available in HPMS.

### **Characteristics of Reassignment Transactions on the Special Transaction Reply Report (TRR)**

Once CMS processes reassignment transactions, CMS will transmit a special TRR to plans on or about October 18, 2014, containing only reassignment transactions. Gaining PDPs will be able to identify beneficiaries assigned to their plans as follows:

**Application date:** All LIS eligible beneficiaries reassigned due to a plan or contract non-renewal or SAR will be identified by an application date of September 30, 2014.

**Enrollment source code** = H (reassign)

**Transaction reply codes** = TRC-212 – Reassignment Enrollment Accepted – Reassignment enrollment request for a beneficiary into a PDP submitted by CMS is accepted.

Losing plans will receive, on their special TRR, the TRC-014 (disenrollment) for beneficiaries who are reassigned to another plan. An exception to this is when the plan has an approved

crosswalk that specifically requires it to submit a disenrollment transaction in early October 2014, prior to reassignment. The due date for these disenrollments will be provided in the annual End of Year guidance. For these cases, plans will only receive a disenrollment TRC on their regular daily TRR; they will not receive a TRC showing the reassignment of those beneficiaries. More information on crosswalk exceptions and plan-submitted activity can be found in the annual memorandum titled “End-of-Year 2014 Enrollment and Payment Systems Processing Information” which will be sent to plans shortly.

The special TRR will be identified by the following information depending on the type of connectivity for file transfers that the plan uses:

**Gentran mailbox or TIBCO:**

P.Rxxxxx.SPCLTRD.Dyymmdd.Thhmsst.pn

**Connect:Direct (Mainframe):**

zzzzzzzz.Rxxxxx.SPCLTRD.Dyymmdd.Thhmsst

**Connect:Direct (Non-Mainframe):**

[directory]Rxxxxx.SPCLTRD.Dyymmdd.Thhmsst

KEY
xxxxx = 5 character contract id
yymmdd = two digit year, month, day
hhmsst = hour/minute/second/tenths of second
pn = process number
zzzzzzzz = Plan-provided high level qualifier
[directory] = optional directory specified from non-mainframe C:D clients

The content/layout of the special TRR will be identical to the daily TRR, except that it will only include TRCs from the reassignment process.

**Plan Non-Renewal Communication to Affected Beneficiaries**

MA organizations should refer to CMS’ annual guidance on non-renewal for specifics about how beneficiaries must be notified about the non-renewal. This guidance will be released by CMS via HPMS. For more information on general non-renewal requirements, please refer to the following documents:

- *Advance Notice of Methodological Changes for Calendar Year (CY) 2015 for Medicare Advantage (MA) Capitation Rates, Part C and Part D Payment Policies and 2015 Call Letter* (Advance Notice) dated February 21, 2014, which contains complete instructions for non-renewing plans and contracts; and

- *Announcement of Calendar Year (CY) 2015 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter (Final Notice) dated April 7, 2014.*

Both of these documents can be found at <http://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Announcements-and-Documents.html>.

### **End-of-Year Timeline for Reassignment**

**Please be sure to adhere to the all deadlines.**

**October 2, 2014** – Beneficiaries that are in MA plans that are non-renewing (or have an approved SAR) for CY 2015 must receive the beneficiary specific non-renewal notices from the non-renewing MA organization.

**Early October, 2014** (due date TBD) – MA organizations with approved renewal/non-renewal scenarios that require the plan to submit enrollment and/or disenrollment transactions (such as certain SAR scenarios), must submit those transactions following the requirements in the annual End of Year processing guidance memorandum (to be provided shortly).

**October 18, 2014** – CMS anticipates providing lists of PDP and MA reassignees to States, 1-800-MEDICARE, and losing and gaining PDPs.

**October 18, 2014** – The special TRR showing successfully processed reassignments estimated to be available (see additional detail on page 2).

**Late October, 2014** – CMS begins mailing beneficiary reassignment notices on blue paper.

**Mid-December, 2014** – CMS begins mailing reassigned beneficiaries a second blue notice identifying which drugs in their current drug regimen are on the formulary of the 2015 plan to which they are being reassigned, and how to request an exception or appeal, or file a grievance.

**January 1, 2015** – Reassignment effective date.

### **For Assistance**

If you have specific policy questions about any of these instructions, please contact Steve Ludwig at 410-786-0554 or [Stephen.Ludwig@cms.hhs.gov](mailto:Stephen.Ludwig@cms.hhs.gov). If you have technical questions about file format or transactions, you should contact the MAPD Help Desk at 1-800-927-8069 or [MAPDhelp@cms.hhs.gov](mailto:MAPDhelp@cms.hhs.gov).