



CENTER FOR BENEFICIARY CHOICES

January 6, 2006

Memorandum To: All Part D Sponsors

Subject: Pharmacy Transition Policies

From: Gary Bailey, Deputy Director, Center for Beneficiary Choices

As we move to the end of the first week of implementing the Medicare Drug Benefit, we need to remind all Part D sponsors again of the transition policy requirements that must be upheld. It is critical that transition policies operate in a manner that ensures enrolled beneficiaries get their needed first prescriptions filled at the point-of-sale.

As we noted in recent letters and plan user calls, we continue to receive numerous reports that plan customer service representatives (CSRs) are not aware of their plan's transition policies. We must emphasize that sponsors need to ensure that their member/customer service representatives are trained to respond to questions about the transition policies of their organization. They should not be informing beneficiaries that the plan does not have a transition policy or indicating that access to non-formulary drugs can only be provided via the exceptions process. Of greater concern, however, are reports that plans are inappropriately denying some prescriptions because the plan has not provided transition override instructions to pharmacists. Sponsors need to ensure that their network pharmacies are provided appropriate instructions on how to implement the filling of a transition supply in a manner that is consistent with the plan's transition policy approved by CMS.

We have also received a number of complaints regarding the use of potentially burdensome prior authorization and step edit requirements that are preventing access by beneficiaries to needed first prescriptions at the point-of-sale. This also applies with respect to covered drugs on formulary for which the plan has a step edit or prior authorization requirement. As we have emphasized on previous plan user calls, we expect that Part D sponsors will use sound business and clinical decision making when administering transition supplies and not place undue burden on beneficiaries during the implementation of the benefit. We expect the provision of drugs under your benefit will be such that the enrollee will either have a step edit or prior authorization requirement resolved at the point-of-service, or the enrollee will have access to a temporary supply until such requirements can be met for either formulary or non-formulary drugs. While transition policies are not intended to cover excluded drugs or to preclude drug utilization review edits for safety, we must stress that delaying or denying the filling of initial prescriptions for new enrollees at point-of-sale because of prior authorization/step edit requirements is not consistent with the intent of CMS' transition policy. Thus, as a general

matter, prior authorization and step edits should be suppressed so as to not prevent an enrollee from receiving their medications under a transition period.

Finally, we are also hearing confusion over transition issues involving long term care (LTC) residents, including issues involving the transition period and the intersection of Part B versus Part D drug coverage. To reiterate our transition guidance published last March, it is critical that the plan's transition process address access to medications at the filling of the first prescription for enrollees who are LTC residents and that plans take into account polypharmacy circumstances involving these enrollees. We were pleased that plans adhered to our guidance and indicated they would provide a longer transition period for enrollees who are residents of LTC facilities. We expect that all plans will honor their transition process in order to safely accommodate new enrollees under their plan's formulary. Again, we need to stress that prior authorization and step edits should not prevent an enrollee in an LTC setting from receiving their initial medications.

As we note in our *Medicare Part B versus Part D Coverage* document on the CMS website, Part D does not alter Part A or B coverage. However, drugs that were not covered by Part B for LTC residents before the implementation of the Part D benefit may now be covered under Part D. In particular, the Medicare Part B durable medical equipment (DME) benefit covers a limited number of drugs that require the use of an infusion pump "in the home" and covers inhalation drugs that require the use of a nebulizer "in the home." Certain LTC facilities are not considered a "home" for the purpose of the DME benefit, and thus when DME drugs are administered in these facilities, they would have coverage under Part D. Facilities that are not considered a home include a skilled nursing facility (SNF), a distinct part SNF, a nursing home that is dually-certified as both a Medicare SNF and a Medicaid nursing facility (NF), a Medicaid-only NF that primarily furnishes skilled care, a non-participating nursing home (i.e. neither Medicare or Medicaid) that provides primarily skilled care, or an institution which has a distinct part SNF and which also primarily furnishes skilled care. Enrolled beneficiaries in these facilities who require DME drugs would have coverage under Part D to the extent that they are not covered under Part A.

In addition to DME drugs, Medicare Part B also covers a number of infusable or injectable drugs that are administered incident to a physician service. If a LTC facility, rather than a physician, administers such a drug to a beneficiary (whose stay is not covered under part A), the drug would not be covered by Part B, and the beneficiary would have coverage for the drug under Part D subject to the Part D plan's rules or transition policy for first fills. For more information, we refer you to our guidance at

http://www.cms.hhs.gov/PrescriptionDrugCovContra/Downloads/BvsDCoverage_07.27.05.pdf.

As you know, it is in the interest of both plans and CMS that the enrollee's initial experience with the Medicare Drug Benefit be free from undue administrative problems. We know we can continue to count on your hard work to resolve the transition issues as soon as possible.