

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

**DATE:** July 13, 2007

**TO:** All MA, MA-PD, and Part D Plan Sponsors

**FROM:** Cynthia Tudor, Ph.D., Director, Medicare Drug Benefit Group

**RE:** Clarifications regarding the Current TrOOP Balance Transfer Process

CMS has become aware of a number of issues that have arisen concerning the manual process currently required to transfer TrOOP-related data between Part D plans when a beneficiary transfers from one plan to another during the coverage year. The purpose of this memorandum is to clarify the process by addressing three issues:

- Identification of the applicable coverage year;
- The definition of the “effective date” field on the transfer explanation of benefits (EOB); and
- Use of encrypted email for data transfer.

Until the automated process for TrOOP balance transfer is implemented, Part D sponsors are required to continue to use the current manual process specified in section 50.9 of the Chapter 14 (Coordination of Benefits) of the Medicare Prescription Drug manual. Therefore, to ensure there is no confusion regarding the year to which the reported data apply, we are adding a “coverage year” field to the transfer EOB format. The example below shows the new field, which is also included in the attached Excel file.

Further, although we define “effective date” as it is to be reported in Column C of the transfer EOB as “the date through which the Column D and E balances were updated,” plans are not consistently using this definition to generate the effective date of the balances reported. This date is critical to ensure that the subsequent plan of record recalculates their TrOOP accumulators for the beneficiary using the most recent information from the prior plan.

For example, a disenrolling plan sends the initial transfer EOB on 2/4/07 (i.e., within 7 days of the date of the disenrollment transaction reply report (TRR) as required). The data reported in this EOB reflect balances calculated through 2/1/07. The EOB would look as follows:

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
<b>HICN</b>	<b>Transfer Out Plan Contract Number</b>	<b>Effective Date</b>	<b>TrOOP Balance</b>	<b>Gross Covered Drug Costs</b>	<b>Coverage Year</b>
xxx-xx-xxxxA	Sxxxx	2/1/2007	\$ 42.00	\$ 280.00	2007

In March, the plan receives and adjudicates a paper claim from January 2007 and on 03/29/07 recalculates the beneficiary's TrOOP balances. By April 15, the plan must send an updated transfer EOB. In this example, the updated EOB will contain the following:

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
<b>HICN</b>	<b>Transfer Out Plan Contract Number</b>	<b>Effective Date</b>	<b>TrOOP Balance</b>	<b>Gross Covered Drug Costs</b>	<b>Coverage Year</b>
xxx-xx-xxxxA	Sxxxx	3/29/2007	\$ 52.00	\$ 350.00	2007

Finally, in section 50.9.1, we specify two acceptable modes of transmission for the transfer EOB; i.e., paper EOBs may be faxed or shipped by common carrier in paper or as scanned copied on a CD-ROM; Excel files must be shipped via common carrier on a CD-ROM. A third acceptable method of transmission is to email an encrypted Excel file. To use this method, the document must be encrypted using a Federal Information Processing Standards approved encryption method. Once encrypted, the file should be attached to transmittal email and submitted to the new plan of record. The password for the encrypted file must be sent to the new plan in a separate email.

CMS is currently working to develop an automated process for transferring TrOOP balances between plans in concert with the National Council of Prescription Drug Programs, which we hope to implement by 2008. In the interim, we believe these clarifications will facilitate and improve the current process. If you have any questions concerning this memo, please contact Deborah Larwood at 410-786-9500.