DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-16-16
Baltimore, Maryland 21244-1850

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

MEMORANDUM

TO: All Part D Sponsors

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

RE: Coordinating with Patient Assistance Programs (PAPs)

DATE: July 6, 2006

This memorandum serves both to remind Part D sponsors about our requirements for
coordinating with patient assistance programs (PAPs) operating outside the Part D
benefit, as well as to provide new information about how to better effectuate such
coordination.

As detailed in Chapter 14 of the *Prescription Drug Benefit Manual* (Coordination of
Benefits), sponsors are required to coordinate with PAPs. Because PAPs operate entirely
outside the Part D benefit (unlike charities offering cost-sharing assistance), this
coordination is different in nature than coordination of benefits with supplemental payers
operating within the benefit. This is because any assistance a PAP provides to a Part D
enrollee for drugs that would have been covered under his/her Part D plan cannot count
as an incurred cost that would be applied toward the enrollee's TrOOP balance or total
drug spend.

We have encouraged PAPs operating outside the Part D benefit to enter into data sharing
agreements (DSAs) with CMS similar to those entered into by supplemental payers
coordinating benefit administration with Medicare. CMS is currently exchanging
eligibility data via a DSA with three manufacturers sponsoring five PAPs. Manufacturers
sponsoring PAPs continue to express interest in entering into DSAs with CMS, and we
expect that sponsors will see an increase in "P" (PAP) coverage type indicators on their
COB Data Files as more PAPs enter into DSAs and enroll Part D enrollees.

When a PAP exchanges eligibility file with CMS, it is identified on the COB Data File as
Coverage Type "P," which is not TrOOP-eligible. When a sponsor receives a COB Data
File for an individual indicating a Coverage Type of "P," it must follow up with the PAP
to obtain the drug-specific information it needs in order to: (1) set its systems to
recognize that drug as part of a patient's profile for purposes of drug utilization review;
and (2) set its systems edits to prevent any payment for that prescription. This will be a

manual follow-up process because the COB file does not provide sponsors with information about the specific drugs being provided to enrollees by the PAP. Although we provide PAP sponsors with a list of COB contacts for each sponsor on our website to facilitate this communication, it remains a sponsor requirement to coordinate the exchange of information with PAPs operating outside the Part D benefit.

Contact information for PAPs will be available in the COB Data File, and sponsors should use this number to initiate this manual follow-up and data exchange process. The PAP's phone number will appear in the PDP Coordination of Benefits (COB) Data File, E.6.4 Supplemental Record: Subordinate to DTL (Unlimited Occurrences), which can be found starting on Page E-28 of the Plan Communications User Guide Appendices, Version 2.2. The phone number will be located in the data field labeled "Rx Plan Toll Free Number" (see Page E-28) when the "Supplemental Code Type" (see page E-29) is "P=Patient Assistance Program."

If you have any questions, please contact Vanessa Duran at vanessa.duran@cms.hhs.gov or 410-786-8697. Thank you for your continued assistance with the ongoing implementation of the Part D benefit.