

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



CENTER FOR MEDICARE

DATE: September 1, 2011

TO: Medicare Advantage Organizations

FROM: Anthony J. Culotta, Director
Medicare Enrollment and Appeals Group

SUBJECT: 2012 Reassignment of Low-Income Subsidy Beneficiaries in Terminating Medicare Advantage Plans

Overview of the Medicare Advantage Reassignment Process

In mid-October, 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 those to a different plan benefit package (PBP) offered by the same organization where appropriate, as well as the random reassignment to plans offered by different sponsors where necessary.

CMS will reassign only individuals who meet the following criteria:

1. Are LIS-eligible in 2011 and will remain LIS-eligible in 2012; 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 Prescription Drug Plan (PDP).

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 <https://www.cms.gov/MedicareMangCareEligEnrol/>

Please note that reassignment occurs for MA plans that are terminating or have an SAR as of 2012, including terminating 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 memo “2012 Reassignment of Low-Income Subsidy Beneficiaries in Prescription Drug Plans” dated September 1, 2011, from Anthony J. Culotta, Director, Medicare Enrollment and Appeals Group). In addition, LIS beneficiaries in U.S. territories, or from 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 beginning October 31. 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 of 2010, 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 2012 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/LimitedIncomeandResources/LISNoticesMailings/list.asp#TopOfPage>

CMS Notification to "Gaining" PDPs

CMS also notifies PDPs of individuals who will be reassigned to their plan for 2012 from non-renewing MA plans. For requirements applicable to "gaining" PDPs, please refer to the memo "2012 Reassignment of Low-Income Subsidy Beneficiaries in Prescription Drug Plans" dated September 1, 2011, from Anthony J. Culotta, Director, Medicare Enrollment and Appeals Group.

Identifying Reassignments on the Transaction Reply Report (TRR)

Once CMS processes reassignment transactions, CMS will transmit a special TRR to plans on or about October 25, 2011 containing only reassignment transactions. Plans will be able to identify affected beneficiaries as follows:

Application date: All LIS beneficiaries reassigned due to a plan or contract non-renewal will be identified by an application date of September 30, 2011.

Enrollment source code = H (reassign)

Transaction reply codes = TRR-212 A – Reassignment Enrollment Accepted – Reassignment enrollment request for a beneficiary into a Part D plan submitted by CMS is accepted.

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

Gentran mailbox:

P.Rxxxxx.SPCLTRD.Dyymmdd.Thhmsst.pn

Connect:Direct (Mainframe):

zzzzzzzz.Rxxxxx.SPCLTRD.Dyymmdd.Thhmsst

Connect:Direct (Non-Mainframe):

[directory]Rxxxxx.SPCLTRD.Dyymmdd.Thhmsst

The content/layout of the special TRR will be similar 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 requirements related to non-renewal generally, please refer to the 2012 Combined Call Letter issued April 5, 2011, which contains complete instructions for non-renewing plans and contracts. The 2012 Combined Call Letter is located at:

<http://www.cms.gov/MedicareAdvtgSpecRateStats/Downloads/Announcement2012.pdf>

End-of-Year Timeline for Reassignment

Please be sure to adhere to the all deadlines.

August 24, 2011 – State Pharmaceutical Assistance Programs (SPAPs) that have authorized representative status and intend to “reassign” their beneficiaries will send their “carve-out” list to CMS. These beneficiaries will be excluded from reassignment to ensure they are moved only once.

October 1, 2011 – Beneficiaries that are in MA plans that are being non-renewed for CY 2012 must receive the beneficiary specific non-renewal notices from the non-renewing MA organization.

October 17, 2011 – CMS provides lists of MA reassignees to States, 1-800-MEDICARE, and “gaining” PDPs.

October 24, 2011– CMS begins mailing beneficiary reassignment notices on blue paper

October 25 2011– TRR showing successfully processed reassignments estimated to be available.

December 15, 2011 – CMS begins mailing reassigned beneficiaries a second blue notice identifying which drugs in their current drug regimen are on the formulary of the 2011 plan to which they are being reassigned, and how to request an exception or appeal or file a grievance.

January 1, 2012 – Reassignment effective date.

For Assistance

If you have specific policy questions about any of these instructions, please contact Tracey Baker at 410-786-7794 or Tracey.Baker@cms.hhs.gov. If you have technical questions about file format or transactions, you should contact the MMA Help Desk at 1-800-927-8069 or mmahelp@cms.hhs.gov.