

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



**Medicare Plan Payment Group**

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**DATE:** November 14, 2011

**TO:** All Medicare Advantage, Prescription Drug Plan, Cost, PACE, and Demonstration Organizations Systems Staff

**FROM:** Cheri Rice /s/  
Director, Medicare Plan Payment Group

Alan Constantian /s/  
Director, Information Services Design and Development Group

**SUBJECT: Advance Announcement of February 2012 Software Release**

The Centers for Medicare and Medicaid Services (CMS) continues to implement software improvements to the enrollment and payment systems that support Medicare Advantage and Prescription Drug programs. This letter provides advanced information regarding the planned release of systems changes scheduled for February 2012. The changes for this release are listed below and may require Plan action. In early December, CMS will provide the detailed information that Plans will require for implementation.

**Disenrollment Due to Failure to Pay Part D - Income-Related Monthly Adjustment Amount (IRMAA) and Reinstatement Opportunity for Good Cause**

CMS will begin disenrollment of individuals in direct bill status enrolled in a Medicare Part D Plan who failed to pay their Part D IRMAA in full by the end of the initial grace period, i.e., three months. The first disenrollment action will include individuals who failed to pay their Part D IRMAA for more than three months but retained their Part D coverage. The first disenrollments will be effective April 1, 2012. Plans will receive a specific Transaction Reply Code (TRC) on the Transaction Reply Report (TRR) to indicate the involuntary disenrollment for each affected Plan member. The disenrollment effective date is the first day of the month following the Part D IRMAA disenrollment date (e.g., the first disenrollment action indicates that enrollment ends on March 31, 2012 and the disenrollment is effective on April 1, 2012).

Additionally, CMS provides an opportunity for reinstatement of individuals into their Medicare Part D Plan for good cause situations. These situations are: 1) when an individual requests reinstatement within 60 days of the disenrollment effective date via 1-800 MEDICARE; 2) when an individual receives a favorable determination by CMS regarding the untimely payment of Part D IRMAA; and 3) when an individual pays in full the Part D IRMAA and any Plan premium amounts due within three months of the Part D IRMAA disenrollment effective date. If

individuals are reinstated into their Medicare Part D Plan, the Plan receives notification of reinstatement via the normal TRR and reply codes, i.e., 700 series, associated with a manual reinstatement.

**Allow Medicare Beneficiaries without Part D eligibility to Enroll in Program of All-Inclusive Care for the Elderly (PACE) Organizations**

Current enrollment rules for PACE Plans require beneficiaries to have Part D eligibility along with Part A and/or Part B entitlement at the time of enrollment into a PACE Plan. The Part D eligibility normally lags Part A/B entitlement by several months, causing a delay in Medicare covered enrollment in the PACE plan. The purpose of this systems change is to allow enrollment in the PACE plan the same month of Medicare Part A/B entitlement, and remove the Part D eligibility requirement.

Plans may contact the MAPD Help Desk at 1-800-927-8069 or email at [mapdhelp@cms.hhs.gov](mailto:mapdhelp@cms.hhs.gov) for any issues encountered during the systems update process.