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TO: States with Capitated Model Demonstrations as Part of the Medicare-Medicaid Financial Alignment Initiative

FROM: Lindsay P. Barnette
Director, Models, Demonstrations & Analysis Group

Jerry Mulcahy, Director, Medicare Enrollment and Appeals Group, Center for Medicare

SUBJECT: Coordinating State Passive Enrollment with Medicare Prescription Drug Plan Reassignment for January 2024

As provided in section 30.2.5.J of the Medicare-Medicaid Plan (MMP) Enrollment Guidance, individuals may only be passively enrolled or reassigned once per calendar year. This memorandum provides additional information on coordinating states' passive enrollment activities with Medicare's annual reassignment process for states implementing demonstrations under the capitated model of the Financial Alignment Initiative (FAI).

Background on Medicare's Annual Reassignment

Each year, CMS reassigns certain low-income individuals who were previously automatically enrolled in Medicare prescription drug plans (PDPs) by CMS into a new Medicare PDP, to ensure they continue to pay "zero" monthly premiums for their prescription drug coverage in the following plan year.

Additionally, CMS reassigns certain low-income individuals to a PDP to prevent drug coverage disruptions. This process affects low-income individuals enrolled in a terminating plan (Medicare Advantage (MA) plan, Medicare-Medicaid Plan (MMP), or PDP) or an MA plan that is reducing its service area at the end of the year. We refer to this as the low-income subsidy (LIS) reassignment process.

The annual LIS reassignment process occurs in October each year, at which time CMS sends a file to states identifying who has been reassigned in their state. At the same time, CMS also notifies individuals of the plan to which they are being reassigned and their other plan options. The effective date of reassignment into a new PDP is the following January 1.

For states scheduling passive enrollment into an MMP with a *January 1, 2024*, effective date States may conduct an annual passive enrollment process for individuals who are newly eligible or who have regained eligibility for MMP enrollment. This includes the following groups of

individuals who regain eligibility for passive enrollment in the new calendar year:

- Those who were involuntarily disenrolled from an MMP during the current calendar year (e.g., due to short term loss of Medicaid);
- Those who were reassigned by CMS to a PDP effective January of the current calendar year and have not otherwise opted out of passive enrollment; or
- New dually eligible individuals who are auto-enrolled by CMS to a PDP effective any month in the current calendar year.

States scheduling passive enrollment for a January 1, 2024, effective date must follow the steps below to coordinate passive enrollment with reassignment and ensure that individuals on CMS' preliminary list of individuals identified for LIS reassignment can instead be passively enrolled into MMPs.

August – By August 18, 2023, states interested in having passive enrollment supersede the Medicare LIS reassignment for a January 1, 2024, effective date should notify the Medicare-Medicaid Coordination Office (MMCO) via email (MMCOEnrollment@cms.hhs.gov). Please include the name and contact information of the individual in your state who will have responsibility for receiving the September file (see next item) from CMS.

September – In early September, CMS will provide states scheduling passive enrollment for a January 1, 2024, effective date a preliminary list of the individuals identified for LIS reassignment (also targeted to be effective January 1, 2024). The list will provide:

- Beneficiary Medicare Numbers (MBIs);
- Beneficiary Social Security Number;
- Beneficiary first name, last name, middle initial;
- Date of birth; and
- Gender code.

States must match this list against those individuals they intend to passively enroll for any effective date from January through December 2024. If an individual is on the CMS preliminary list for LIS reassignment effective January 1, 2024, and a state also plans on passive enrollment for that individual into an MMP as of January 1, 2024, the state must include the appropriate passive enrollment transaction in the state's CMS file submission for MMP passive enrollment in October 2023. We discuss additional details on the October 2023 submission timeframe below.

If an individual is on the preliminary list for LIS reassignment for January 1, 2024, and a state wants to passively enroll that individual into an MMP effective for a month after January 1, 2024, the state must wait to passively enroll the individual until calendar year 2025 (alternatively, states may move up the effective date to January 1, 2024).

For example: For an individual who is on the preliminary CMS list to be reassigned effective January 1, 2024, and who gains eligibility to be passively enrolled into an MMP effective February 1, 2024, the state must delay passive enrollment of the individual until January 2024 at the earliest. Passive enrollment transactions submitted in coordination with Medicare's annual LIS reassignment can only contain Medicare beneficiaries who, at the time the transaction is submitted, meet the enrollment criteria of the given state's demonstration for January 1, 2024.

Once a state receives the preliminary list of individuals identified for reassignment and identifies the individuals to be passively enrolled by applying the requirements above, the state can begin working with the CMS Enrollment Vendor to prepare its enrollment submissions to CMS. Transactions may only be submitted during the October submission window (discussed below).

October – States must submit all January 1, 2024, passive enrollment transactions (via the CMS Enrollment Vendor) to CMS no earlier than Wednesday, October 4, 2023, at 6 a.m. Eastern Daylight Time (EDT) and no later than Friday, October 27, 2023, at 5 p.m. EDT. We strongly encourage states to submit all January 1, 2024, passive enrollment transactions early in this submission window. Doing so will allow time for the states to work with the CMS Enrollment Vendor to re-submit corrected records, when appropriate, should any transactions reject or fail. Please note that corrections may not include changes to the required data elements for passive enrollment, such as the application date value (discussed below). All submissions must be successfully received by CMS systems before 5 p.m. EDT on Friday, October 27th, 2023.

States must ensure that all passive enrollment transactions are accurately populated with the required data elements for passive enrollment. In particular, the application date on each of the passive enrollment transactions to take effect January 1, 2024, must be the date of the transaction submission to the CMS Enrollment Vendor, and the enrollment source code value must be set to “J.” Applying these data elements will allow subsequent beneficiary elections to be accepted. CMS may reject or cancel passive enrollment transactions that fail to adhere to all of the required data elements.

November – In early November, states will be able to see those individuals who are confirmed as having been reassigned by CMS into a new PDP effective January 1, 2024, via the Auto Assignment Address Notification File (aka, PDP Notification File). States may refer to the Plan Communication User Guide (PCUG) Section 4.4.4 for more information on the file format. The state must not schedule passive enrollment for anyone on this file until an effective date of January 1, 2025.

CMS will conduct a second reassignment to capture passively enrolled individuals who were scheduled for LIS reassignment and who cancelled their passive enrollment. These individuals will be reassigned into a new PDP by CMS for coverage beginning on January 1, 2024. In early December, CMS will send states an updated list of individuals who are confirmed reassigned effective January 1, 2024, to a PDP.

For states that conduct passive enrollment for effective dates after January 1, 2024 (non-January effective dates)

As noted above, states must exclude individuals from passive enrollment who have been reassigned to a Medicare PDP effective January 1, 2024. Each year, CMS completes the annual LIS reassignment process in October and routinely shares with states a file of all individuals who received the blue reassignment letter in their state, to facilitate any inquiries the state might receive from individuals. CMS is tentatively scheduled to send this file through its normal process to states in early November and an additional file in either late November or early December for the second reassignment. States use these files to identify individuals who need to be excluded from passive enrollment for calendar year 2024. However, we realize state staff may not be aware of who in the state receives the files. Please contact MMCO at MMCOEnrollment@cms.hhs.gov to obtain this information.

MMP Passive Enrollment Coordination with CMS Reassignment – Process Summary

The table below summarizes the steps and the process to coordinate MMP passive enrollment activities with CMS reassignment.

Date	CMS Action	State Action
August 18		State notifies MMCO of interest in having passive enrollment for January 1 take effect over the Medicare reassignment; include contact for September file.
Early September	CMS provides the preliminary list of individuals identified for LIS reassignment to states.	States match their passive enrollment population to this list.
September		States begin preparing passive enrollment transaction files, including the individuals identified on the CMS preliminary list of individuals identified for LIS reassignment, for passive enrollments with January 1, 2024, enrollment effective dates. States will work with the CMS Enrollment Vendor to prepare the enrollment transaction files.
October 4-27 (no later than 5 p.m. EDT on October 27)	CMS processes state files as received and provides responses.	States submit January 1, 2024, effective date passive enrollment transactions for LIS reassignment coordination to the CMS Enrollment Vendor. States review CMS' responses to submitted transactions and resubmit corrections as needed.
Date	CMS Action	State Action
October 28	CMS begins processing the reassignment of LIS beneficiaries into a new PDP with a January 1 enrollment effective date.	
Early November	CMS provides states with the final list of LIS reassigned beneficiaries.	

November	CMS processes a second reassignment of any remaining LIS beneficiaries into a new PDP with a January 1 enrollment effective date.	
Late November or Early December	CMS provides states with the updated final list of LIS reassigned beneficiaries.	
Going forward through 2024		States use the final list of CMS reassigned beneficiaries to prevent passive enrollment during calendar year 2024.

Additional Information

We will continue to send any updates as we receive further information and provide technical assistance to successfully coordinate passive enrollment with the CMS annual reassignment process. If you have any questions, please contact MMCOEnrollment@cms.hhs.gov.