

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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TO: All Part D Sponsors

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

RE: Change in Implementation Schedule for Automated TrOOP Balance Transfer Requirement

DATE: March 18, 2008

In a September 18, 2007 memorandum entitled, “Update on the 2008 TrOOP Balance Transfer Process and Model Explanation of Benefits,” we announced that we had been working with the industry and the National Council for Prescription Drug Programs (NCPDP) to develop a new NCPDP transaction standard to support the on-line, real-time transfer of the TrOOP and gross covered drug cost data between Part D sponsors when a beneficiary changes enrollment during the coverage year. In January, the NCPDP Board approved the new transaction standard. The standard and related implementation guide, dated January 22, 2008, are available to members on the NCPDP website at: <http://www.ncdp.org/>.

In the aforementioned memorandum, we also announced our intention to require implementation of the new transaction standard for automated TrOOP balance transfer on July 1, 2008. However, a number of implementation issues arose suggesting the need for a later implementation date. Therefore, the new implementation date for the automated TrOOP balance transfer process will be January 1, 2009 following specific deadlines for testing and certification. To facilitate sponsor implementation and operation of the new process, we developed the attached guidance to address operational issues raised by the industry during and after the development of the transaction standard. This guidance should be used to augment the NCPDP Implementation Guide v1.0.

The new process requires that Part D sponsors develop the capacity to receive and respond to the new transactions received from the CMS TrOOP Faciliator. Part D sponsors will also need to develop the capacity to integrate data received via these electronic transactions into those systems that track and apply beneficiary-level TrOOP and gross covered drug costs. To ensure sponsors are prepared to implement the new process, the TrOOP Faciliator will be collaborating with CMS, NCPDP and industry representatives to develop a set of testing scenarios and an automated TrOOP balance transfer testing certification process. Sponsors must be prepared to initiate testing on the new transactions by September 1, 2008. Guidance describing this process will be released as soon as it is available. Part D sponsors must ensure that their pharmacy benefit managers (PBM) or other processors are certified by November 1, 2008 and are fully prepared to respond to transactions for 2009 beneficiaries on January 1, 2009.

If you have any questions concerning this memorandum or the attached guidance, please contact Deborah Larwood via email at Deborah.Larwood@cms.hhs.gov or by phone at 410-786-9500.

Attachment