



## **CENTER FOR DRUG AND HEALTH PLAN CHOICE**

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**DATE:** November 2, 2009

**TO:** Non-Renewing Medicare Advantage Organizations  
Prescription Drug Plan Sponsors

**FROM:** Anthony Culotta, Director  
Medicare Enrollment and Appeals Group

**SUBJECT:** Reassignment of Low-Income Subsidy (LIS) Beneficiaries Due to MA Contract Non-Renewals

As in past years, CMS is in the process of conducting the annual reassignment of LIS-eligible beneficiaries who remain LIS-eligible as of January 1, 2010, and are affected by increases in prescription drug plan (PDP) premiums above the LIS regional benchmark or by PDP organization sponsor non-renewals. (For further details, see our August 28, 2009, HPMS memo entitled *“Reassignment of Low-Income Subsidy Beneficiaries for 2010.”*) The purpose of this memo is to inform plans that for 2010, CMS will also be carrying out an additional reassignment for LIS-eligible beneficiaries enrolled in Medicare Advantage (MA) plans that are terminating or undergoing a service area reduction.

This additional reassignment, known as MA Reassignment, will involve only LIS beneficiaries who are now enrolled in a MA plan, are not also already enrolled in a stand-alone PDP and whose:

- MA plan is terminating, or
- MA plan will have a service area (such as a county) reduction, resulting in non-coverage in the beneficiary’s area.

The MA Reassignment process will ensure that LIS beneficiaries who now receive prescription drug coverage from their MA plan will not experience a gap in such coverage, should they fail to affirmatively elect another MA-PD or PDP. **As with the PDP reassignments, under no circumstances will this new MA reassignment process override the affirmative election of any individual.** The reassignments will take effect on January 1, 2010, only for individuals who do not choose other Part D coverage, or otherwise opt out of the reassignment process.

In general, all applicable key information outlined in the August 28<sup>th</sup> memo about the PDP reassignment process will apply for purposes of this special MA reassignment process. Thus, the MA reassignment and notification process will be the same as for reassignments based on a PDP plan termination effective January 1, 2010. For further guidance on the general reassignment process, please see §30.1.5 of Chapter 3 (Eligibility, Enrollment, and Disenrollment) of the Medicare Prescription Drug Benefit Manual, available on the Web at <http://www.cms.hhs.gov/MedicarePresDrugEligEnrol/>.

### **CMS Notification to Beneficiaries**

CMS will mail notices (printed on blue paper) to the affected beneficiaries during late November. These notices will inform beneficiaries who are being reassigned of their prospective zero-premium PDP and will provide a listing of other PDP options if they do not wish to remain with the plan to which they have been assigned for 2010. A sample of this notice is attached within **Appendix A**.

### **Interim Notification to PDP Sponsors in November**

After CMS conducts reassignment, CMS also will notify PDPs of individuals who will be reassigned to their plan for 2010. The format of the one-time listing for gaining PDPs will be the same as the “PDP Auto-Enrollment Notification File” that is now used to communicate the current monthly auto-assign beneficiaries and their respective addresses to plans. Please see the Medicare Advantage and Prescription Drug Plans Communications Users Guide for file format and specifications, available on the Web at <http://www.cms.hhs.gov/MMAHelp/>.

In addition, please note that CMS has made improvements to how the data elements that provide the address are populated. For details, see the August 12, 2009, Systems Software Release Memo, available at <http://www.cms.hhs.gov/MMAHelp/>. We estimate the file will be transmitted on or about November 13, 2009, but will notify PDPs separately of the exact file transmission date.

For 2010, CMS will identify the region in which the beneficiary resides by first checking the state file on which the beneficiary was submitted. If the beneficiary was not submitted on any state file, CMS will use the beneficiary’s current address recorded in our CMS systems to determine where the beneficiary needs to be reassigned. A PDP that receives a beneficiary file identifying beneficiaries who have an address that is outside of the PDP’s region should not automatically disenroll such beneficiaries; rather, the PDP should verify whether the address on record reflects the beneficiary’s address or the address of the beneficiary’s representative payee (a status designated by the Social Security Administration to identify an individual authorized to make financial decisions on behalf of a beneficiary). Also, it is possible that a beneficiary’s address could have changed, necessitating that s/he be reassigned to a new region.

Any PDPs with a basic benefit and a premium at or below the region-specific low income premium subsidy amount in that region will receive a “gaining beneficiary” file notifying them of such reassignments. This interim listing will include the beneficiaries’ LIS premium and copayment levels as well as their addresses. However, PDPs must wait until **after** the Transaction Reply Report (TRR) that will arrive on or around November 20, 2009—which will contain confirmed enrollments resulting from the reassign process—before submitting the 4Rx records for those beneficiaries. This is because this interim list may not exactly match the list of beneficiaries who are ultimately enrolled in a PDP through reassignment, since voluntary beneficiary elections may occur after the preliminary file is created.

### **Plan Communication to Beneficiaries**

Consistent with 42 CFR 423.507(a), MA organizations that are non-renewing contracts must issue a written notice of the impending plan termination to all enrollees residing in the affected region(s). Such notices must be approved by CMS and must include a written description of the alternatives available for obtaining qualified prescription drug coverage within the PDP region, including

MA-PD plans, and other PDPs. By regulation, **beneficiaries must receive this termination notice from plans no later than November 2, 2009.** However, CMS has strongly urged plan sponsors to send these notices as early as possible, preferably by October 2, 2009. For more information, please refer to the 2010 Combined Call Letter issued March 30, 2009, which contains complete instructions for non-renewing plans and contracts. The 2010 Combined Call Letter is located at: <http://www.cms.hhs.gov/PrescriptionDrugCovContra/Downloads/2010CallLetter.pdf>

#### **End of the Year Timeline for MA Reassignment**

**November 13, 2009** – PDPs receive interim gaining file

**November 19, 2009** – MARx begins processing reassignment elections.

**November 20, 2009** – TRR showing successfully processed reassignments should be available.

**November 23, 2009** – Plans must submit 4Rx data.

**November 30, 2009** – **Within 10 calendar days of receipt of TRR showing reassignment,** “Gaining” PDPs must send beneficiaries acknowledgment that their enrollment has been accepted by CMS. [See Exhibit 29 of Chapter 3 (Eligibility, Enrollment, and Disenrollment) of the Medicare Prescription Drug Benefit Manual.]

**Late November 2009** – CMS mails beneficiary reassignment notices on blue paper

**January 1, 2010** – 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](mailto:Tracey.Baker@cms.hhs.gov). If you have technical questions about the file format or transactions, you should contact the MMA Help Desk at 1-800-927-8069 or [mmahelp@cms.hhs.gov](mailto:mmahelp@cms.hhs.gov).



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<BENEFICIARY FULL NAME>  
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HICN <1234>  
November 2009

## IMPORTANT NOTICE: Your Medicare Coverage Is Changing

By now you should have already gotten a letter from <Terminating Organization Name> letting you know that <Terminating Plan Name> won't operate next year. **This means your coverage with <Terminating Organization Name> will end on December 31, 2009.**

## Medicare Will Enroll You in a Medicare Prescription Drug Plan

If you don't join a new Medicare health or drug plan by December 31, 2009, Original Medicare will cover your health care services, and Medicare will enroll you in <New Organization Name>'s <New Plan Name> starting January 1, 2010, to make sure you have drug coverage.

Your new options for 2010 health and drug coverage are explained below. You should carefully consider these options and take action before December 31, 2009. Remember, you'll still have Medicare coverage no matter what you decide.

## Here Are Your Options for Medicare Coverage

**Option 1: You can join another Medicare Advantage or other Medicare health plan, including a plan that offers prescription drug coverage.** You should call plans to get more information about their rules and coverage and join the plan that best meets your needs. Joining a plan with drug coverage will automatically disenroll you from <New Plan Name>.

**Option 2: You can choose and join a Medicare Prescription Drug Plan on your own.** This means you'd have a drug plan of your choice and Original Medicare for your other health care services. A list of Medicare Prescription Drug Plans available for little or no premium for people who qualify for Extra Help is included with this notice. Joining a Medicare Prescription Drug Plan will automatically disenroll you from <New Plan Name>.

**Option 3: If you do nothing, you'll have Original Medicare, and Medicare will enroll you in <New Plan Name> to make sure you continue to get Extra Help paying for Medicare prescription drug coverage.** Here's what you'll pay with this Medicare Prescription Drug Plan:

- <subsidy % or \$0> of the monthly prescription drug plan premium

- <\$0 or up to \$63> for your yearly prescription drug plan deductible
- <insert LIS copayment amounts or % of the cost of each prescription> for each prescription drug covered by the plan filled at one of the plan's participating pharmacies

As long as you qualify for Extra Help, you can join, switch, or drop a Medicare Prescription Drug Plan at any time. You may also want to buy a Medigap policy to help pay health care costs that Original Medicare doesn't cover. Because your current plan is leaving Medicare, you have a special right to buy a Medigap policy. You'll have this special right for 63 days after your current plan coverage ends.

## What to Do Next

**Please consider your options carefully.** You don't need to do anything for Medicare to enroll you in <New Plan Name>. If you want to join a different Medicare health or drug plan, it's a good idea to do so as early as possible before December 31, 2009.

This plan serves <states>. If this isn't where you live, please call <New Plan Name> at <New Plan phone> to make sure it serves where you live now. If the plan doesn't serve your area, call 1-800-MEDICARE (1-800-633-4227) to choose and join a plan that serves the state where you live. TTY users should call 1-877-486-2048.

## Where to Get Help and More Information

**For more information about <New Plan Name>**, call <New Plan phone> and tell the plan you got this notice from Medicare. Ask whether the plan covers the prescription drugs you take, about which drug coverage rules may affect your prescriptions (like prior authorization, which means the plan won't cover a specific drug unless the plan approves it first), and which pharmacies you can use. You can also visit <Plan website> for more information.

**For help joining a Medicare health or drug plan**, visit [www.medicare.gov](http://www.medicare.gov), or call 1-800-MEDICARE. You can also call your local Office on Aging or your State Health Insurance Assistance Program at <SHIP phone number> for free personalized health insurance counseling.

**Para obtener información en español, llame GRATIS al 1-800-MEDICARE (1-800-633-4227). Los usuarios con teléfono de texto (TTY) deben llamar al 1-877-486-2048.**

