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DATE: April 16, 2010

TO: All Part D Sponsors

FROM: Cynthia G. Tudor, Ph.D., Director, Medicare Drug Benefit and C & D Data Group

SUBJECT: Automated Transfer Process for Material Changes in 2009 TrOOP Balances

The purpose of this memorandum is to notify Part D sponsors of a temporary process for the automated transfer of “material” changes in 2009 TrOOP balances. For this purpose, material changes as defined in the February 25, 2010 memorandum entitled, “Special Process for End-of-Year Pharmacy Benefit Manager (PBM)-related 4Rx Changes,” are those that involve a non-low income subsidy eligible beneficiary and result in a single or accumulated change of \$50 or more to the beneficiary’s TrOOP or gross covered drug costs, or are the result of a beneficiary’s complaint that the accumulators are inaccurate and this inaccuracy affects his or her position in the benefit. As noted in the February 25 memorandum, CMS terminated the automated transfer of 2009 TrOOP balances prior to the March 31st deadline due to problems associated with 4Rx data and year-end PBM changes. It was our intention to handle any residual 2009 transfers via a manual transfer process. However, we have become aware that several sponsors have thousands of beneficiaries for whom 2009 TrOOP accumulators must be transferred.

As a result, CMS working with the TrOOP Facilitator, RelayHealth, and the National Council for Prescription Drug Programs’ Financial Information Reporting (FIR) Task Group has developed a process for allowing updated TrOOP accumulators to be transferred via the automated process for a limited time period. Beginning on Monday April 26, 2010, RelayHealth will accept special requests from Part D sponsors or their processor to initiate automated TrOOP balance transfer transactions for identified beneficiaries. Using an excel spreadsheet, sponsors will list the beneficiaries by HICN who disenrolled in 2009 and for whom the sponsor has identified a material change in the TrOOP accumulators of \$50 or more. RelayHealth will accept these requests for 3 weeks until May 17, 2010. RelayHealth will initiate the automated transaction within 24 hours of receipt of the request and will continue the process until May 24, 2010. On that date, RelayHealth will initiate a FIR transaction stream for all the beneficiaries for whom a 2009 transaction was sent as part of this process. All automated transactions for 2009 will end at 12 midnight EDT on May 24.

Any sponsor that changed their PBM at year-end will be unable to participate in this process because the TrOOP Facilitator must use the new 4Rx data to route not only current year, but also prior year FIR transactions and this results in a rejected transaction. All other sponsors and their

processors should be prepared to submit requests for 2009 transactions between April 26 and May 17 and to respond to 2009 transactions, accepting the data and making claims and PDE adjustments as necessary during the period April 26 through May 24. We believe this process will permit the automated transfer the vast majority of outstanding material changes in 2009 TrOOP accumulator data. With the exception of any material changes identified after May 24 as a result of a beneficiary complaint that will be handled manually using the process outlined in the February 25 memorandum, this will close out 2009 TrOOP balance transfers.

If you have any questions concerning this memorandum, please contact Deborah Larwood at 410-786-9500 or Deborah.larwood@cms.hhs.gov.