

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



CENTER FOR DRUG and HEALTH PLAN CHOICE

TO: Part D Plan Sponsors

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

SUBJECT: Monitoring Best Available Evidence (BAE) Policy

DATE: November 13, 2008

The purpose of this memorandum is to announce a new initiative to allow CMS to monitor the extent to which Part D sponsors are correctly implementing our BAE policy. This initiative will focus on sponsor compliance in two areas: (1) to determine whether Part D sponsors have acceptable documentation (i.e., BAE) to substantiate more favorable LIS levels for their enrollees, and (2) to assess whether requests to update deemed beneficiaries' data in the CMS system as a result of BAE have been made in accordance with our guidance.

Background

The regulations at 42 CFR § 423.800 specify the requirements of Part D sponsors in the administration of the low-income subsidy (LIS) program, including the reduction of cost sharing for subsidy-eligible individuals. In certain cases, due to time lags associated with monthly reporting by the States and SSA and subsequent CMS systems updates, CMS systems do not reflect a beneficiary's correct LIS status at a particular point in time. To address these situations, CMS created the best available evidence (BAE) policy in 2006. This policy requires sponsors to accept specified forms of documentation of a beneficiary's correct LIS status, to change the beneficiary's cost-sharing levels in the sponsor's system based on that documentation, and for deemed LIS beneficiaries to submit to CMS requests for correction of these data in our system if the changes do not occur as a result of the routine State reporting.

This new monitoring initiative will expand the current CMS evaluation of Part D sponsor LIS eligibility match rates in which sponsor data on LIS beneficiaries and co-payment levels are compared to these data in the CMS system. To help with this new project, CMS has entered into a contract with Acumen, LLC. By using match rate data from the CMS LIS match rate project, Acumen will select an initial and follow-up sample of sponsors with beneficiaries for whom the Part D sponsors' LIS eligibility level is more favorable to the beneficiary than the comparable data in CMS' system and determine if the sponsor has acceptable documentation (i.e., BAE) to substantiate the more favorable LIS level.

In addition to ensuring sponsor compliance with the requirement to accept and use BAE to correct LIS eligibility data in the sponsor's system, this study will permit CMS to assess sponsor compliance with the requirement to request an update of a deemed beneficiary's data in the CMS system if the correction does not occur within 60 days based on routine State data reporting to CMS.

Sampled Sponsors and Beneficiaries

In December 2008, the initial sample of plan sponsors will receive individual notifications with details on the process and guidelines for data submission. These sponsors will be required to provide documentation on a sample of beneficiaries from the 2008 benefit year only and Acumen will provide the list of beneficiaries. The first round of data submission is currently scheduled for January 2009. Sponsors are expected to use the time between notification and submission to identify the BAE documentation.

Access to the BAE Website

Acumen is developing a secure website to facilitate the collection of BAE documentation. In accordance with Federal Information Security Management Act (FISMA) regulations, only the Medicare Compliance Officer will be authorized to give access to this website. To streamline this process, Acumen has developed the User Security website – a web tool that allows Medicare Compliance Officers to manage their users on the Acumen Part D BAE website. The current Medicare Compliance Officer for your organization should already have access to the User Security website through existing Medicare Part D projects with Acumen. The Medicare Compliance Officers of contracts chosen to participate in this monitoring project will be asked to authorize users for the BAE website in December 2008.

We look forward to working with Part D sponsors as Acumen prepares to commence their work on this important monitoring effort. At this time, any general questions related to this BAE monitoring project should be sent to Deborah Larwood at Deborah.Larwood@cms.hhs.gov.