DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR MEDICARE

TO: All Part D Sponsors

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

SUBJECT: Implementation of the Unique Part D 4Rx Identifier Requirements

DATE: September 16, 2011

As specified in Federal regulations at §423.120(c)(4), effective January 1, 2012, each Part D sponsor must assign and exclusively use a unique Part D BIN (or Rx BIN and Part D processor control number (PCN) combination) and Part D cardholder identification number (RxID). These requirements ensure that (1) pharmacies can routinely identify situations in which they are billing a Part D claim, and (2) payers secondary to Part D can properly coordinate benefits on Part D claims. CMS will soon be issuing an updated Medicare Prescription Drug Benefit Manual chapter on Part D benefits that will include sub-regulatory guidance on the unique RxBIN/PCN requirements. In the interim, the purpose of this memorandum is to provide advance notice of a clarification in that forthcoming guidance and to address several questions that have been raised regarding sponsor implementation of the requirements.

The industry and CMS, through the National Council for Prescription Drug Programs (NCPDP), have been working to identify and address issues related to the implementation of the unique Part D 4Rx requirements. We thank all those who were involved in that effort. One outcome of these efforts has been the development of the NCPDP "Recommendations for Effective 4RX Usage in Medicare Part D Processing". This document includes a technical approach that would enable sponsors to distinguish payment of non-Part D drugs from Part D drugs, for claims submitted to a Part D BIN/PCN through the use of industry-standard coding. The revised guidance to be issued shortly in Chapter 5 will permit Part D sponsors to use such industry-standard coding in concert with the unique Part D BIN or BIN/PCN combination to identify non-Part D covered drugs in certain circumstances.

Additionally, the NCPDP document provides a mechanism for sponsors moving to a new BIN/PCN to message back to the pharmacy correct 4Rx (when known by the sponsor) in the event that the pharmacy submits a claim with a member's 4Rx that was effective prior to the conversion. Both approaches are designed to minimize member disruption during a sponsor's transition to a Unique BIN/PCN and or cardholder identification number. We would also like to clarify that the requirements are specific to claims with dates of service on or after January 1,

2012 and that claims received on or after January 1, 2012 for dates of service prior to January 1, 2012 will process in a manner consistent with other 2011 dates of service claims.

We have been informed that some sponsors will be implementing the new requirements prior to January 1, 2012 in order to make the transition in identifiers prior to the start of the new coverage year. We appreciate the earlier transition and encourage other sponsors to do likewise. We note that sponsors must ensure that implementation of the new identifiers, and any claims rejections for lack of the new identifiers, must not prevent beneficiaries from receiving their prescription drugs. Therefore, sponsors must be prepared to monitor for appropriate network pharmacy claim resubmissions and ensure that these occur.

We have also been informed that some other sponsors have expressed a preference to delay rejecting claims that do not contain the new unique Rx BIN/PCN/cardholder information until the end of March 2012. They argue that there will be many other billing standard changes that will be effective on January 1, 2012 due to the implementation of the NCPDP Telecommunication Standard Version D.0, and that postponing any claims rejections due to lack of the new Part D identifiers would ease the transition to the new coverage year for pharmacies and, potentially, for beneficiaries. CMS appreciates the challenges sponsors may encounter with the upcoming year-end changes and will permit the requested delay. Therefore, any sponsor electing to delay rejecting claims submitted without the correct 4Rx data must implement the reject edit for these claims before April 1, 2012. However, postponement of claims rejections does not mean that sponsors may also postpone the requirements to establish the unique Part D BIN or BIN/PCN combination, update the CMS MARx system with the new 4Rx data through enrollment transactions and issue any new member ID cards prior to January 1, 2012. During the period of the delay, these sponsors must internally crosswalk a member's former 4Rx data to the new 4Rx data.

As noted above, sponsors must assign unique BIN or BIN/PCN combinations and a unique identifier for each Medicare enrollee, as well as update CMS systems with the new 4Rx data prior to January 1, 1012. If you have already created and submitted these unique identifiers, there is no need to resubmit them at this time. If you have not yet submitted the new identifiers, please do so in accordance with the timelines in the chart, below. Please note that the timing of submissions is dependent upon whether or not the beneficiary is a current enrollee and whether or not the beneficiary's contract/plan benefit package (PBP) will be the same as in 2011 or will change for 2012.

Current enrollees whose current contract/PBP will be the same for 2012	Code 72 transactions may be submitted at any time before December 30, 2011
Current enrollees whose contract/PBP will change for 2012 (i.e., rollovers)	Code 72 transactions must be submitted after December 8, 2011
New enrollees for 2012	4Rx data must be submitted with the enrollment transaction

It is important to note that existing MARx requirements limit the number of code 72 transactions that may be submitted in a batch to 250,000. Should the volume of these transactions interfere with MARx processing, particularly during the open enrollment period, it may be necessary for CMS to impose a temporary reduction in the batch size. Should this need arise, we will notify sponsors of the change promptly.

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