

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: All Part D Plan Sponsors

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

SUBJECT: Compliance Action Resulting from Unresolved Automated TrOOP Balance Transfer Transaction Problems

DATE: November 2, 2009

Since the implementation of the automated TrOOP balance transfer (TBT) process last January, CMS has been monitoring weekly TBT transaction statistics to identify Part D sponsors and processors for rates of transaction success and failure. The CMS TrOOP Facilitation Contractor, Part D sponsors and their processors have cooperated in the successful resolution of identified technical problems. As a result, the average weekly total TBT transaction-level success rate has been maintained at 98 percent or higher since mid-April. However, further improvement is needed with respect to certain sponsors and processors, and with respect to achieving successful transfer of beneficiary benefit balances in a timely manner 100% of the time.

Part D sponsors are expected to promptly address problems identified through the exception reports. CMS is providing this notice so that sponsors can review and adjust their internal control procedures in preparation for a stepped-up focus on the need for prompt resolution of all beneficiary-level TrOOP balance transfer issues. Consistent with this new focus, starting with TrOOP balance transfers initiated in January 2010, CMS will be issuing compliance actions notifying sponsors whenever an enrollee's automated TBT transaction has not been completed successfully within 30 days. The level of the compliance notice will be based on the number and age of a sponsor's unresolved TBT transaction issues. Sponsors that do not take appropriate action in response to these compliance notices will be at risk of receiving a formal request for a corrective action plan (CAP) or being subject to an intermediate sanction (e.g., suspension of marketing and enrollment activities).

We note that plan sponsors have been notified of unsuccessful transactions since early this year. The TrOOP Facilitator has been sending daily exception reports identifying beneficiary-level transaction problems to both sponsors' processors and sponsors' identified automated TBT contacts (as entered in the Health Plan Management System). It is CMS' expectation that when problems arise, the exception reports are being routinely and expeditiously worked to resolve problems as quickly as possible since these transaction errors prevent the successful transfer of the beneficiary's TBT data and may jeopardize accurate benefit administration.

With this memo, we are putting plan sponsors on notice that delegating problem solving to the sponsor claims processor alone is not acceptable if the issues leading to transaction failure are beyond the scope of the processor's responsibilities. For example, based on our analysis of beneficiary-level TBT transaction problems that were unresolved as of September 20, 2009, we found that nearly half of the problems involved non-matched cardholder identification numbers. In large part, these problems appear to stem from inconsistencies between the 4Rx data reported to CMS and used by the TrOOP Facilitator for the TBT transactions and the 4Rx data in the sponsor's processor system. It is the responsibility of the Part D sponsor to ensure consistent beneficiary-identifying data are reported to CMS and its Part D claims processor and any inconsistencies are corrected. Part D sponsors must ensure not only that they or their delegated enrollment-processing vendors submit accurate 4Rx data on behalf of all enrollees upon enrollment in accordance with section 50.1 of Chapter 14 of the Medicare Prescription Drug Benefit Manual, but also that previously-submitted 4Rx data are updated with CMS whenever processing arrangements cause the 4Rx data to change for existing enrollees.

If you have any questions about this memorandum, please contact your Part D account manager.