



**January 13, 2006**

**TO:** Medicare Part D Plans

**SUBJECT:** Expedited Processes for Application of Cost Sharing for Dually Eligible and Other Low-Income Beneficiaries

CMS is engaged in intensive efforts to provide all Part D plans with accurate information regarding the correct cost sharing levels for dually eligible and other low-income beneficiaries. As this action continues on an expedited basis, CMS is requiring that Part D plans enhance their interim processes for ensuring that these beneficiaries are not charged standard cost sharing amounts. Part D plans must take immediate steps to ensure that at least one of the following procedures is being effectively implemented when the pharmacy can identify the beneficiary's Part D plan and is seeking confirmation of the beneficiary's low-income subsidy status based upon such information as a Medicaid card, evidence that the prescription was previously filled by the Medicaid program, a CMS letter notifying the beneficiary of auto-assignment, a Social Security Administration letter notifying the beneficiary of eligibility for a low-income subsidy or other similar documentation:

- Expedited Process for Low-income Cost Sharing Approval
  - + Part D plans must establish special units that are accessible through plan pharmacy help lines. Calls must be triaged to these special units via either an interactive voice response (IVR) system or customer service representatives (CSR).
  - + Customer service representatives in these special units must have the authority to approve application of cost sharing at a level of no more than \$2 for generic drugs and \$5 for brand name drugs. If sufficient information is available approval should be provided for other cost sharing levels, as appropriate (i.e., 0 cost sharing for beneficiaries in long-term care facilities).
  - + Upon approval, the customer service representatives must have the capability to operationalize the decision through the claims processing system in real-time to permit the pharmacy to electronically submit the claim and have it accepted.
- Application of low-income cost sharing and subsequent processing of claims
  - + Part D plans must notify pharmacies through such means as interactive voice response systems and faxes that the pharmacy may apply low-income cost sharing at the \$2/\$5 level for beneficiaries presenting

documentation, such as that described above and hold the claim for resubmission when the beneficiary's correct low-income status has been entered into the claims processing system. Requirements for pharmacies to submit claims within specified time frames (i.e., 14 days) will be temporarily suspended for claims for dually eligible beneficiaries and those presenting documentation of other low-income status.

- + Pharmacies may contact the CMS pharmacy helpline to receive confirmation of the beneficiary's low-income status.
- + For each such inquiry, CMS will send to the Part D plan's secure mailbox confirmation of the beneficiary's low-income status to assist the Part D plan in expediting entry of this information into plan records and permit the earliest possible resubmission of the claim by the pharmacy for approval.
- + In the event of application of low-income cost sharing to a beneficiary who is later determined ineligible for this cost sharing, the Part D plan should establish a process for obtaining the correct cost sharing amount from the beneficiary.