



## **CENTER FOR BENEFICIARY CHOICES**

---

**December 29, 2005**

**Memorandum To:** All Part D Sponsors

**Subject:** Pharmacy Transactions, TRR/CSR messaging, and Claim Reversals

**From:** Gary Bailey, Deputy Director, Center for Beneficiary Choices

As we approach the start of the benefit, it is important that we remind plan sponsors of some important operational details. First, plan sponsors need to ensure that technical details regarding billing transactions with pharmacies are worked out before implementation of the benefit. Pharmacy providers are on the front line in serving Medicare beneficiaries under the new Medicare prescription drug benefit. Therefore, to ensure that our beneficiaries have access to their needed prescriptions, it is critical that we remove any barriers to pharmacy providers being able to successfully implement the benefit, including ensuring that there are no systems glitches occurring during the first few days of the implementation of the benefit. To that end, we are sharing with you some of the concerns that pharmacy providers have expressed to us. Our expectation is that you will review these concerns around the display of billing information and test transactions, and resolve any issues with your contracted pharmacies.

### Pharmacy Provider Concerns

1. Plan sponsors need to submit test transactions with their pharmacies to ensure that systems are operating as expected.
2. Plan sponsors need to ensure that payer sheets and Plan ID cards include the required BIN/PCN information. Per CMS' marketing guidelines, BIN/PCN information is required on the front of the plan ID card. Pharmacies have indicated that some payer sheets, and plan ID card samples, are not displaying this information. They are concerned that the expectation is for the pharmacy to submit an E1 transaction to obtain this information; however, they do not believe the E1 query should be used to compensate for ID cards not having the required BIN/PCN information. Rather, it should be used to service those enrollees who do not have an ID card.
3. Plan sponsors need to ensure that pharmacies have the information they need to set up their billing systems. Pharmacies are concerned that the majority of ID cards samples are not yet available, which makes it challenging for them to accurately establish plan billing information in their systems. In addition, the BIN/PCN on ID card samples that are available do not always match associated payer sheets. Additionally, processors are

not providing a cross reference of the plan name to the BIN/PCN. As a result, the pharmacy software vendor can not set up the plan billing by specific plan name.

Second, we remind plans that they need to ensure that staff who deal with transaction reply reports (TRRs) work with staff responsible for overseeing the plan's customer service representatives (CSRs), to ensure there is a consistent response in dealing with members who are low-income subsidy eligible but for whom the plan has not received the relevant subsidy information or for whom there is no CMS enrollment confirmation. There may data clean-up issues associated with the TTR reports, both on CMS' and the plan's part, and we need to make sure that we are providing constructive messages to the public if questions arise. Staff responsible for dealing with the TRRs need to ensure that the CSR staff are up-to-date on progress made in dealing with data issues, and are able to answer or appropriately route questions from pharmacists on billing issues, including those on "4Rx" data. As we have noted in previous user calls, plans should adjudicate claims for enrollments and subsidy levels using the latest and best information they have available to them. To assist you in implementing the benefit, we have attached a summary of "what if" scenarios and appropriate responses.

Finally, we recommend that plans hold off on making any claim reversals in the beginning of the benefit year as we work through issues involving plan enrollment reconciliations. We will keep the plans updated as new information emerges on a potential industry-wide settlement process near the end of January. Again, please stay tuned for more details from CMS on this issue.

We appreciate all of the efforts you have already undertaken to resolve issues addressed in this letter. Thank you again for your continuing help toward implementation of the Medicare Drug Benefit.

## Attachment A

### Medicare & Medicaid Full Benefit Dual Eligibles (FBDE)

Audience	What If...	Pharmacist Response
1. Medicare & Medicaid FBDE	A FBDE goes to a pharmacy and presents their Medicaid card	<p>After December 31, 2005, prescription drug coverage for dually eligible individuals shifts from Medicaid to Medicare for both the elderly and disabled. Therefore, prior to billing Medicaid, the pharmacist should consider the possibility that any person presenting a Medicaid card may also be eligible for Medicare. If the person produces evidence of, or otherwise confirms, Medicare eligibility, the pharmacist can send an E1 query to determine Part D plan enrollment.</p> <p>If the E1 query returns the RxBIN-RxPCN-RXGrp-RxID (the "4Rx" data) and 800 number of a Part D plan, the plan should be billed and the plan 800 number given to the person to call to obtain their new ID card and find out about their prescription drug plan.</p> <p style="text-align: right;">If the E1 query returns just the 800 number of the plan, this means the person has been enrolled in a Part D plan but the "4Rx" data have not been received by the TrOOP Facilitator. The pharmacist can call the 800 number to obtain the billing information from the plan, as well as give the plan 800 number to the person to call to obtain their new ID card and find out about their prescription drug plan.</p> <p>If the E1 query returns no match, the pharmacist can check for Medicare eligibility by submitting an expanded E1 query. If the person is eligible for Medicare, the E1 will return "A", "B" or "AB". This means the person has not yet been enrolled in a Part D plan, but does have Medicare Part A and/or B eligibility. If the pharmacist verifies dual eligibility, the POS Contractor (Anthem) can be billed. Medicaid eligibility can be verified through history of current Medicaid billing in the patient profile, a Medicaid card, or a current Medicaid award letter. Medicare eligibility can be verified through the "A or B" E1 query, a Medicare card, a Medicare MSN Notice, or by calling a dedicated pharmacy eligibility line at 1-866-835-7595 (available Mon.-Fri. 8 AM-8PM EST), or 1-800-MEDICARE at any other time. Pharmacists will need to obtain certain identifying information from the beneficiary or the beneficiary's record to confirm eligibility over the phone.</p> <p>If the expanded E1 query does not return a match, the pharmacist can either include additional information in the E1 query and try again, if applicable, or call the dedicated pharmacy eligibility line at</p>

Audience	What If...	Pharmacist Response
		<p>(1-866-835-7595) available Mon.-Fri. 8 AM-8PM EST, or call 1-800-MEDICARE to verify Medicare eligibility. If eligibility cannot be confirmed, the person must use other coverage, if available, or pay out-of-pocket for all or some of the prescription and be referred to 1-800-MEDICARE to resolve Medicare coverage status.</p>
<p>2. Medicare &amp; Medicaid FBDE</p>	<p>A FBDE goes to a pharmacy and they have not been assigned to a plan</p>	<p>If the E1 query returns no match for Part D enrollment, the pharmacist can check for Medicare eligibility by submitting an expanded E1 query. If the person is eligible for Medicare, the E1 will return "A", "B" or "AB". This means the person has not yet been enrolled in a Part D plan, but does have Medicare Part A and/or B eligibility. If the pharmacist verifies dual eligibility, the POS Contractor (Anthem) can be billed.</p> <p>Medicaid eligibility can be verified through history of current Medicaid billing in the patient profile, a Medicaid card, or a current Medicaid award letter. Medicare eligibility can be verified through the “A or B” E1 query, a Medicare card, a Medicare MSN Notice, or by calling a dedicated pharmacy eligibility line at 1-866-835-7595 (available Mon.-Fri. 8 AM-8PM EST), or 1-800-MEDICARE at any other time. Pharmacists will need to obtain certain identifying information from the beneficiary or the beneficiary’s record to confirm eligibility over the phone.</p>
<p>3. Medicare &amp; Medicaid FBDE</p>	<p>A FBDE opted out of their autoassigned plan and goes to a pharmacy and believes they still have Medicaid coverage</p>	<p>After December 31, 2005, prescription drug coverage for dually eligible individuals shifts from Medicaid to Medicare for both the elderly and disabled. Therefore, prior to billing Medicaid, the pharmacist should consider the possibility that any person presenting a Medicaid card may also be eligible for Medicare. If the person produces evidence of, or otherwise confirms, Medicare eligibility, the pharmacist can send an E1 query to determine Part D plan enrollment.</p> <p>If the E1 query returns no match for Part D enrollment, the pharmacist can check for Medicare eligibility by submitting an expanded E1 query. If the person is eligible for Medicare, the E1 will return "A", "B" or "AB". This means the person has not yet been enrolled in a Part D plan, but does have Medicare Part A and/or B eligibility. If the pharmacist verifies dual eligibility, the POS Contractor (Anthem) can be billed.</p> <p>Medicaid eligibility can be verified through history of current Medicaid billing in the patient profile, a Medicaid card, or a current Medicaid award letter. Medicare eligibility can be verified through the “A or</p>

Audience	What If...	Pharmacist Response
		<p>B” E1 query, a Medicare card, a Medicare MSN Notice, or by calling a dedicated pharmacy eligibility line at 1-866-835-7595 (available Mon.-Fri. 8 AM-8PM EST), or 1-800-MEDICARE at any other time. Pharmacists will need to obtain certain identifying information from the beneficiary or the beneficiary’s record to confirm eligibility over the phone.</p>
<p>4. Medicare &amp; Medicaid FBDE</p>	<p>A FBDE person with Medicare just qualified for Medicaid in December 2005</p>	<p>After December 31, 2005, prescription drug coverage for dually eligible individuals shifts from Medicaid to Medicare for both the elderly and disabled. Therefore, prior to billing Medicaid, the pharmacist should consider the possibility that any person presenting a Medicaid card may also be eligible for Medicare. If the person produces evidence of, or otherwise confirms, Medicare eligibility, the pharmacist can send an E1 query to determine Part D plan enrollment.</p> <p>If the E1 query returns the RxBIN-RxPCN-RXGrp-RxID (the "4Rx" data) and 800 number of a Part D plan, the plan should be billed and the plan 800 number given to the person to call to obtain their new ID card and find out about their prescription drug plan.</p> <p>If the E1 query returns just the 800 number of the plan, this means the person has been enrolled in a Part D plan but the "4Rx" data have not been received by the TrOOP Facilitator. The pharmacist can call the 800 number to obtain the billing information from the plan, as well as give the plan 800 number to the person to call to obtain their new ID card and find out about their prescription drug plan.</p> <p>If the E1 query returns no match, the pharmacist can check for Medicare eligibility by submitting an expanded E1 query. If the person is eligible for Medicare, the E1 will return "A", "B" or "AB". This means the person has not yet been enrolled in a Part D plan, but does have Medicare Part A and/or B eligibility. If the pharmacist verifies dual eligibility, the POS Contractor (Anthem) can be billed. Medicaid eligibility can be verified through history of current Medicaid billing in the patient profile, a Medicaid card, or a current Medicaid award letter. Medicare eligibility can be verified through the “A or B” E1 query, a Medicare card, a Medicare MSN Notice, or by calling a dedicated pharmacy eligibility line at 1-866-835-7595 (available Mon.-Fri. 8 AM-8PM EST), or 1-800-MEDICARE at any other time. Pharmacists will need to obtain certain identifying information from the beneficiary or the beneficiary’s record to confirm eligibility over the phone.</p> <p>If the expanded E1 query does not return a match, the pharmacist can either include additional</p>

Audience	What If...	Pharmacist Response
		<p>information in the E1 query and try again, if applicable, or call the dedicated pharmacy eligibility line at (1-866-835-7595) available Mon.-Fri. 8 AM-8PM EST, or call 1-800-MEDICARE to verify Medicare eligibility. If eligibility cannot be confirmed, the person must use other coverage, if available, or pay out-of-pocket for all or some of the prescription and be referred to 1-800-MEDICARE to resolve Medicare coverage status.</p>
<p>5. Medicare &amp; Medicaid FBDE</p>	<p>A person just aged into Medicare this month and had Medicaid already</p>	<p>After December 31, 2005, prescription drug coverage for dually eligible individuals shifts from Medicaid to Medicare for both the elderly and disabled. Therefore, prior to billing Medicaid, the pharmacist should consider the possibility that any person presenting a Medicaid card may also be eligible for Medicare. If the person produces evidence of, or otherwise confirms, Medicare eligibility, the pharmacist can send an E1 query to determine Part D plan enrollment.</p> <p>If the E1 query returns the RxBIN-RxPCN-RXGrp-RxID (the "4Rx" data) and 800 number of a Part D plan, the plan should be billed and the plan 800 number given to the person to call to obtain their new ID card and find out about their prescription drug plan.</p> <p>If the E1 query returns just the 800 number of the plan, this means the person has been enrolled in a Part D plan but the "4Rx" data have not been received by the TrOOP Facilitator. The pharmacist can call the 800 number to obtain the billing information from the plan, as well as give the plan 800 number to the person to call to obtain their new ID card and find out about their prescription drug plan.</p> <p>If the E1 query returns no match, the pharmacist can check for Medicare eligibility by submitting an expanded E1 query. If the person is eligible for Medicare, the E1 will return "A", "B" or "AB". This means the person has not yet been enrolled in a Part D plan, but does have Medicare Part A and/or B eligibility. If the pharmacist verifies dual eligibility, the POS Contractor (Anthem) can be billed.</p> <p>Medicaid eligibility can be verified through history of current Medicaid billing in the patient profile, a Medicaid card, or a current Medicaid award letter. Medicare eligibility can be verified through the "A or B" E1 query, a Medicare card, a Medicare MSN Notice, or by calling a dedicated pharmacy eligibility line at 1-866-835-7595 (available Mon.-Fri. 8 AM-8PM EST), or 1-800-MEDICARE at any other time. Pharmacists will need to obtain certain identifying information from the beneficiary or the beneficiary's</p>

Audience	What If...	Pharmacist Response
		<p>record to confirm eligibility over the phone.</p> <p>If the expanded E1 query does not return a match, the pharmacist can either include additional information in the E1 query and try again, if applicable, or call the dedicated pharmacy eligibility line at (1-866-835-7595) available Mon.-Fri. 8 AM-8PM EST, or call 1-800-MEDICARE to verify Medicare eligibility. If eligibility cannot be confirmed, the person must use other coverage, if available, or pay out-of-pocket for all or some of the prescription and be referred to 1-800-MEDICARE to resolve Medicare coverage status.</p>
6. Medicare & Medicaid FBDE	FBDE was not autoenrolled and shows up at pharmacy, but doesn't have appropriate proof of identification	<p>Pharmacists should follow established practices for verifying identity and coverage.</p> <p>Medicaid eligibility can be verified through history of current Medicaid billing in the patient profile, a Medicaid card, or a current Medicaid award letter. Medicare eligibility can be verified through the “A or B” E1 query, a Medicare card, a Medicare MSN Notice, or by calling a dedicated pharmacy eligibility line at 1-866-835-7595 (available Mon.-Fri. 8 AM-8PM EST), or 1-800-MEDICARE at any other time. Pharmacists will need to obtain certain identifying information from the beneficiary or the beneficiary’s record to confirm eligibility over the phone.</p>
7. Medicare & Medicaid FBDE	A FBDE was autoenrolled and needs a drug that's not on their plan's formulary	<p>All Part D plans cover a temporary first fill of up to 30 days of a non-formulary drug under their mandatory new enrollee transition policies. The pharmacist may contact the plan to discuss any transitional issues. The pharmacist may also discuss switching the prescription to a generic or therapeutic alternative that is on the plan’s formulary with the person and his/her prescribing physician consistent with current industry practice.</p>

Low Income Subsidy Non Full Benefit Dual Eligible (LIS NFBDE)

Audience	What If...	Pharmacist Response
1. LIS NFBDE	A person goes to a pharmacy and the	If billing instructions for a person’s Part D plan cannot be confirmed through a Plan ID card or E1 query, but the person does have their plan acknowledgement letter at hand, that letter should include the RxBin,

Audience	What If...	Pharmacist Response
	<p>pharmacy cannot confirm enrollment, although the individual has an enrollment acknowledgment letter and proof of LIS</p>	<p>RxPCN, RxGrp and RxID, generally in the upper left hand area above the greeting. If the letter does not include this information, the pharmacy can call the plan to get the information needed to send in a claim.</p> <p>If the person’s letter or other documentation indicates that the person has qualified for low-income subsidy (LIS) extra help, but the Part D plan adjudicates the claim with greater than \$2/\$5 copays, the pharmacist can contact the Plan to discuss the LIS documentation. Plan member service staff should take note of the description of the documentation, and should instruct the pharmacist to collect no more than \$2/\$5 copays, and to rebill the claim once the Plan’s billing system has been updated. Plan staff should expedite correction of the member record so that the claim can be rebilled within 24-48 hours.</p>
<p>2. LIS NFBDE</p>	<p>A person who has applied and been approved for LIS but who has not yet enrolled in a plan shows up at a pharmacy thinking they have enrolled in a plan</p>	<p>If there is no evidence of Medicaid coverage, but the expanded E1 query returns an “A or B” match, or a call to the dedicated pharmacy eligibility line at (1-866-835-7595) available Mon.-Fri. 8 AM-8PM EST, or 1-800-MEDICARE confirms Medicare eligibility, the pharmacist should advise the person that they need to enroll in a Medicare drug plan to get Medicare drug coverage. The person can be referred to 1-800-MEDICARE to get information and compare the plans that are available to them. Staff at 1-800-MEDICARE can also help the person enroll in a plan of their choice.</p> <p>In the meantime, the person must use other coverage, if available, or pay out-of-pocket for all or some of the prescription.</p>
<p>3. LIS NFBDE</p>	<p>A person with LIS accidentally joins a Medicare drug plan where they will have to pay part of the premium</p>	<p>N/A</p>
<p>4. LIS NFBDE</p>	<p>A person is waiting for decision about the LIS to join a plan</p>	<p>Part D plans will generally adjudicate claims at the non-LIS cost sharing level until official confirmation of LIS status has been received from CMS. Beneficiaries will be reimbursed for any excess cost sharing they incur after the date of their LIS eligibility.</p>

## Employer/Union

Audience	What If...	Pharmacist Response
1. Employer or Union	A FBDE is also claimed by an employer/union as RDS and they are not aware that they have been autoenrolled by Medicare in a plan	<p>The person should be asked if they have single or family coverage.</p> <p>Note: If they have single coverage, the relative value of Medicaid health coverage and Medicare prescription coverage to their employer coverage should be reviewed. In most cases, the combined Medicare and Medicaid coverage is likely to be better than the employer/union coverage. If this is the case the person should stay in the Medicare drug plan. If it is not the case, the person should opt out of the Medicare drug plan and continue with their employer coverage.</p> <p>Caution: A person with employer/union group health coverage may not be able to drop drug coverage without also dropping health coverage. The decision of the individual may also affect coverage of family members.</p> <p>If they have family coverage, their decision about continuing enrollment with a Medicare drug plan could affect the family coverage. The individual should contact their employer to determine the effect of the decision on the family coverage. They can also contact their local State Health Insurance and Assistance Program for assistance. Call 1-800-MEDICARE for the number of the local SHIP.</p>
2. Employer/Union	A person whose employer is claiming them for the RDS joins a Medicare drug plan	The plan will contact the person to confirm that they want to join a Medicare drug plan prior to enrolling them. CMS will also notify their employer that the person has attempted to enroll in a plan. They will need to make a choice. They can choose to complete the enrollment in the Medicare drug plan or continue with their retiree/union drug coverage.

## Discount Card

Audience	What If...	Pharmacist Response
1. Discount Card	A person has a Medicare-approved drug discount card	<p>The person can continue to use their Medicare-approved drug discount card until they join a Medicare prescription drug plan or until May 15, 2006, whichever comes first.</p> <p>If they qualified for a credit in 2005 to help pay for prescriptions, they can use any credit they have left until they join a Medicare prescription drug plan or until May 15, 2006, whichever is first.</p>

## General

Audience	What If...	Pharmacist Response
1. General	A person tries to disenroll through the Plan Finder web tool	N/A
2. General	A person enrolled in plan and goes to the pharmacy and the pharmacy has no record of the enrollment	<p>If billing instructions for a person's Part D plan cannot be confirmed through a Plan ID card or E1 query, but the person does have their plan acknowledgement letter at hand, that letter should include the RxBin, RxPCN, RxGrp and RxID, generally in the upper left hand area above the greeting. If the letter does not include this information, the pharmacy can call the plan to get the information needed to send in a claim.</p> <p>The pharmacist can also call a dedicated pharmacy eligibility line at 1-866-835-7595 (available Mon.-Fri. 8 AM-8PM EST), or 1-800-MEDICARE at any other time to confirm enrollment. Pharmacists will need to obtain certain identifying information from the beneficiary or the beneficiary's record to confirm eligibility over the phone.</p> <p>If eligibility cannot be confirmed, the person must use other coverage, if available, or pay out-of-pocket for all or some of the prescription and be referred to 1-800-MEDICARE to resolve Medicare coverage status. If the person was enrolled on the date of service of the claim, the person may submit the receipt to the Plan for reimbursement.</p>
3. General	The person is	If eligibility cannot be confirmed, the person must use other coverage, if available, or pay out-of-pocket

<b>Audience</b>	<b>What If...</b>	<b>Pharmacist Response</b>
	enrolled in a plan and the pharmacy cannot confirm enrollment	for all or some of the prescription and be referred to 1-800-MEDICARE to resolve Medicare coverage status. If the person was enrolled on the date of service of the claim, the person may submit the receipt to the Plan for reimbursement.
4. General	The person is enrolled in a plan and has secondary coverage. What happens if the pharmacy can't confirm enrollment in a Medicare drug plan?	If eligibility cannot be confirmed, the person must use other coverage, if available, or pay out-of-pocket for all or some of the prescription and be referred to 1-800-MEDICARE to resolve Medicare coverage status. If a Part D Plan is actually the primary payer on the date of service, the Plan will make arrangements to reimburse the secondary payer and/or the beneficiary. These arrangements may entail requesting the pharmacy to reverse the primary claim to the secondary payer and to rebill the Part D plan as primary, with any balance billed to the secondary payer.
5. General	The person is enrolled in a plan with a deductible. How will the deductible be accounted for?	Some, but not all, Part D plans charge deductibles.
6. General	The person is enrolled in a plan without a deductible. How will this work?	Some, but not all, Part D plans charge deductibles.
7. General	A person filled out a paper application for drug coverage, when will the enrollment be effective?	Since enrollments can be effective as soon as the day after the enrollment transaction has been received by the plan or the On-Line Enrollment Center, pharmacists may have to contact plans based on copies of an enrollment form to verify billing instructions. If eligibility cannot be confirmed, the person must use other coverage, if available, or pay out-of-pocket for all or some of the prescription and be referred to 1-800-MEDICARE to resolve Medicare coverage status. If the person was enrolled on the date of service of the claim, the person may submit the receipt to the Plan for reimbursement.
8. General	A person enrolled	The pharmacist can only bill the plan in which the person is enrolled on the date of service. If an E1 query

Audience	What If...	Pharmacist Response
	in more than one plan prior to 01/01/06 and they think they are in a different plan than the one that is in the Medicare record.	indicates that the person is enrolled in one plan, but the beneficiary also has a letter indicating acknowledgement of enrollment in another plan, pharmacies should be able to default to the first payer who pays the claim, or the best available information in their opinion at their discretion.
9. General	A person goes to a pharmacy that is listed in a PDP's network, and the pharmacy has not contracted with the PDP	The pharmacist should refer the person to their Plan member services line or 1-800-MEDICARE to locate a network pharmacy. The pharmacy should also contact the plan to determine whose records are in error.
10. General	A person wants to enroll in a new plan, how can they do it?	Non-dual eligible beneficiaries have a limited number of opportunities to change Part D plans. Consequently, some beneficiary coverage will change more often than once a year.

## LTC NBFDE

Audience	What If...	Pharmacist Response
1. LTC NBFDE	A person enters a LTC and is waiting for confirmation of their enrollment in	Enrollment in Part D plans can be verified in the LTC setting in the same manner as in all other pharmacies.  All residents must receive drugs in accordance with their plan of care while a long-term care pharmacy and Part D plan of record are negotiating contractual terms. All Plans are required to provide first fill transitional

	a Medicare drug plan	<p>coverage in the LTC setting for non-formulary drugs. Plans can be contacted for their detailed transition policies. Beyond the transitional period, LTC pharmacies must ensure compliance with formulary drugs and utilization management rules in advance of dispensing drugs, even if billing is on a post-consumption basis.</p> <p>Any changes of Part D plan enrollment are generally prospective, that is, effective the first day of the following month. Consequently, in the event that a resident changes Part D plans for any reason, each Part D plan is required to provide in-network access for the period during which the resident is a member of their plan.</p>
--	----------------------	---