



CENTER FOR MEDICARE

DATE: August 15, 2025

TO: All Part D Plan Sponsors

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SUBJECT: Alternative Method for Part D Plan Sponsors to Receive Hospice Notice of Election (NOE) Information

The purpose of this memorandum is to make Part D plan sponsors (sponsors) and Medicare hospice providers aware of, and encourage them to consider utilizing, an alternative, faster method for sponsors to receive Notice of Election (NOE) information for enrollees who have elected the Medicare Part A hospice benefit. The alternative method entails the use of the National Council for Prescription Drug Programs (NCPDP) Hospice N transaction to communicate the NOE to the Part D enrollee's sponsor. Sponsors may rely on the Hospice N transaction method for adjudication purposes.

Background

The Centers for Medicare and Medicaid Services (CMS) continues to engage in activities to reduce duplicative hospice payments, including ensuring that sponsors are appropriately applying prior authorization (PA) criteria to hospice beneficiaries.¹ CMS's current guidance to sponsors strongly encourages placing beneficiary-level PAs on four categories of drugs focusing on palliative care: analgesics, antianxiety drugs (anxiolytics), antinauseants (antiemetics), and laxatives.² The effectiveness of sponsors' PAs and other strategies to correctly process Part D claims associated with hospice care are improved by shortening the time it takes for sponsors to be notified that an enrollee has elected hospice. A reduced time frame can decrease the need for retroactive adjustment of prescription drug event records (PDEs) and any associated outreach to hospice providers for recovery of payment for drugs in the four categories.

¹ Office of the Inspector General, Department of Health and Human Services. Medicare Part D is Still Paying Millions for Drugs Already Paid for Under the Part A Hospice Benefit, A-06-17-08004

² Medicare Prescription Drug benefit Manual, Chapter 6 "Part D Drugs and Formulary Requirements", Section 20.2 "Drugs Covered Under Medicare Part A or B (Rev. 18, 01-15-16); <https://www.cms.gov/medicare/prescription-drug-coverage/prescriptiondrugcovcontra/downloads/part-d-benefits-manual-chapter-6.pdf>.

A Medicare hospice must document the hospice election through a NOE form.³ Under the current process for disseminating an individual's NOE information after submission of the form, the hospice provider sends the information through the mail, electronically, or via the Direct Data Entry system. That information is subsequently included in a Daily Transaction Reply Report (DTRR) report within the Medicare Advantage and Prescription Drug System (MARx) file for use by sponsors.

Sponsors have noted that there can be a significant lag between the submission of the NOE form and when the sponsor receives the NOE information. Based on 2024 data, the median number of days between the date when the Hospice submits a NOE and when the sponsor received notification of the election was 30 days.

Hospice Election Status Transaction Processing Pilot

In response to this issue, the NCPDP Hospice Task Group (Hospice Task Group) began a pilot in August 2022 to design a hospice election notification system, and CMS virtual data center information was added in June 2024. The current pilot participants are the NDCHealth Corporation/ RelayHealth as the Part D Transaction Facilitator (Facilitator); Express Scripts and Humana as sponsors; Waystar and Inovlan as clearinghouses; Axxess, MatrixCare, and Netsmart as Hospice Electronic Health Record (EHR) systems providers; the National Alliance for Care at Home (the Alliance); and the Hospice Task Group.

The Hospice Task Group has developed an electronic notification called the Hospice N transaction that can be transmitted to the sponsors, which has shortened the time it takes for the sponsors to receive the NOE information by 20 to 30 days. This reduction in NOE transmission time is accomplished by the hospice EHR software vendor sending the beneficiary election information via the electronic Health Insurance Portability and Accountability Act of 1996 (HIPAA) 837I transaction standard to the Facilitator. The Facilitator intakes that information with the CMS virtual data center hospice information and matches it to beneficiaries in the eligibility database to find their Part D coverage. The Facilitator then transmits the NOE information via the Hospice N transaction to sponsors. This reduces the time elapsed between submission of the NOE form and sponsor receipt of the NOE information and allows sponsors to utilize hospice election status information for purposes of drug coverage determinations earlier.

Transitioning to the Alternative Method

To initiate the Hospice N transaction alternative method, sponsors should send their request to participate to hospicesupport@relayhealth.com. Relay Health will respond, providing an information packet with the requirements for both the plan and PBM/processor to participate, including how to receive and respond to the real-time transactions, and how to process each type of hospice transaction received, reporting set-up, etc.

We encourage sponsors to participate in the NCPDP WG9 Hospice Task Group meetings where participants can help develop documentation, ask questions, and develop requirements. The NCPDP WG9 Hospice Task Group will be working closely with Express Scripts and Humana,

³ <https://www.cms.gov/files/document/model-example-hospice-election-statement-march-2024.pdf>

the current sponsors participating, and RelayHealth as the Part D Transaction Facilitator, to work through any issues and ensure that the hospice information is applied consistently in claim adjudication. Transitioning to this alternative method is not mandatory, and sponsors may continue to use the current NOE information method.

Questions about this memorandum should be sent to the CMS Part D COB mailbox at PartD_COB@cms.hhs.gov.

Questions about the N transaction process and requests to start this alternative method should be sent to hospicesupport@relayhealth.com.

To access the NCPDP WG9 Hospice Task Group and the NCPDP collaborative workspace, go to <https://dms.ncdp.org>.