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Centers for Medicare & Medicaid Services
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**Medicare Enrollment and Appeals Group**
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**DATE:** August 30, 2018

**TO:** All Medicare Advantage, Prescription Drug Plan, Cost, PACE, and Demonstration Organizations Systems Staff

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**SUBJECT: Advance Announcement of the Fall 2018 Software Releases**

The Centers for Medicare & Medicaid Services (CMS) continues to implement software improvements to the enrollment and payment systems that support Medicare Advantage Prescription Drug (MAPD) programs. This letter provides information regarding the planned release of systems changes scheduled for October, November, and December 2018. These releases are focusing on improving the efficiency of CMS systems and Plan processing.

The October 2018 Release will include the following:

1. **Changes to the Default Enrollment Process for Newly Eligible Medicare Beneficiaries**

The November 2018 Release will include the following:

2. **Discontinuation of the Medicare Advantage Disenrollment Period (MADP) and Establishment of a new Medicare Advantage – Open Election Period (MA-OEP)**

The December 2018 Release will include the following:

3. **Limitations in Use of the Special Enrollment Period for Dually Eligible and Low Income Subsidy (LIS) Beneficiaries**

4. **Inclusion of National Drug Codes (NDCs) on Certain Other Health Information (OHI) Records**
5. **Enhanced Point of Sale Drug Claim Edit Functionality (Comprehensive Addiction and Recovery Act)**

CMS will provide additional information regarding these releases in a forthcoming memo.

## 1. Changes to the Default Enrollment Process for Newly Eligible Medicare Beneficiaries

Section 1851(c)(3)(A)(ii) of the Social Security Act states that the Secretary of Health and Human Services may establish procedures whereby an individual currently enrolled in a non-Medicare Advantage (MA) health plan offered by a Medicare Advantage Organization (MAO) at the time of the Initial Coverage Election Period is deemed to have elected an MA plan offered by the organization, if the beneficiary does not elect to receive Medicare coverage in another way. Currently, MAOs are able to "default" enroll a beneficiary enrolled in one of its non-MA health plans (e.g. a commercial policy, or a Medicaid plan) into an MA plan, as long as the MAO is able to identify individuals approaching Medicare eligibility (known previously as "seamless conversion"). This process is optional for MAOs but requires prior CMS approval of the MAO's process for identifying and notifying beneficiaries newly eligible for Medicare. The MAO must provide notification of the proposed enrollment at least 60 days prior to the enrollment effective date. The beneficiary is then able to decline or "opt-out" of the enrollment up to and including the day prior to the enrollment effective date.

In CMS 4182-F (83 FR 16440, April 16, 2018), CMS codified the default enrollment process and reduced the scope to only include enrollments of an organization's Medicaid managed care enrollees into an affiliated dual eligible MA special needs plan (D-SNP) upon the individual's initial eligibility for Medicare. MARx will reject enrollments that are submitted outside of the scope of the default enrollment requirements with the same rejection TRCs that are currently being sent.

## 2. Discontinuation of the Medicare Advantage Disenrollment Period (MADP) and Establishment of a new Medicare Advantage – Open Election Period (MA-OEP)

Section 17005 of the 21st Century Cures Act (Cures Act) discontinued the Medicare Advantage Disenrollment Period (MADP) which occurred January 1 – February 14, and established the Medicare Advantage Open Enrollment Period (MA OEP), starting January 1, 2019. Individuals enrolled in an MA plan as of January 1, can make one (1) election during the first three (3) months of the calendar year (January 1 – March 31) to switch MA plans or to disenroll from an MA plan and obtain coverage through Original Medicare. In addition, new Medicare beneficiaries who enrolled in an MA plan during their Initial Coordinated Election Period (ICEP) can also make one election to switch or drop MA coverage during the first three (3) months they have Medicare Parts A and B. The MA OEP allows changes to those enrolled in MA to add or drop Part D coverage. It does not allow individuals enrolled in Medicare Savings Accounts or other Medicare health plan types (such as cost plans or PACE) or in Original Medicare (with or without stand-alone Part D coverage) to make enrollment changes.

A new election type code will be created for Plans to accept and process elections made by MA enrollees during the first three (3) months of each year, or newly MA-eligible individuals during the first three (3) months they have Medicare Parts A and B entitlement, beginning January 1, 2019.

### 3. Limitations in Use of the Special Enrollment Period for Dually Eligible and Low Income Subsidy (LIS) Beneficiaries

Currently, full-subsidy eligible individuals or other subsidy-eligible individuals have a Special Enrollment Period (SEP) (referred to hereafter as the "duals' SEP") to enroll in, disenroll from, or switch plans as frequently as monthly throughout the year.

In CMS-4182-F (83 FR 16440, April 16, 2018), CMS codified new limitations to the existing duals' SEP beginning January 1, 2019. In order to implement these new limitations, a new election type code 'L' will be used for the duals' SEP on enrollment transactions.

Specifically, the 'L' election type code will be used for the following duals' SEP changes:

1. Rather than being available on an ongoing basis, it will only be available for use once per calendar quarter during the first nine (9) months of the year (i.e., January – March, April – June, July – September).
2. Individuals who are notified that they have been determined to be "at risk" or "potentially at risk" for misuse or abuse of a frequently abused drug will not be able to use the duals' SEP to change plans. See section 5.

Use of the 'L' election type code will be limited to once per calendar quarter but will not be permitted in the last quarter of the year (October – December). Enrollment transactions using the election type code 'L' with enrollment source code 'B' will be subject to the new limitation and will be accepted or rejected based on the application date (not the enrollment effective date). For the first three (3) quarters of the year, transactions will only be accepted by CMS if there is not another transaction using these same election type codes within that calendar quarter. If the beneficiary makes a valid election using the duals' SEP, they will be able to replace that election with another valid enrollment using the duals' SEP at any time prior to the effective date of the original request. Transactions will be rejected for all uses of this duals' SEP with application dates between October 1 and December 31.

Disenrollment transactions with effective dates in November, December, and January will be rejected. Additionally, if an individual is determined by a Plan to be "at risk" or "potentially at risk," Plans will submit this information to the Medicare Advantage Prescription Drug (MARx) System, which will create a flag in the system. This information will be available via the Batch Eligibility Query (BEQ), the MARx User Interface (UI), and will also be communicated on the Daily Transaction Reply Report. When the flag is in place, all uses of the duals SEP ('L') will be rejected.

CMS also codified two new SEPs for this population. Individuals will not use their once per quarter opportunity under the duals' SEP to change Plans in these specific situations:

- The individual gains, loses or has a change in the level of assistance (Medicaid or LIS).

- The individual is automatically enrolled into a plan by the state or CMS.

These two (2) new SEPs will continue to use election type code "U" and will not count against the once per quarter use of the duals' SEP. The election code "U" is used when the state/CMS intitiates enrollment, and when a beneficiary uses the SEP to change plans due to a state/CMS intiated enrollment. These SEPs are not limited for individuals identified as "at risk" or "potentially at risk."

### 4. Inclusion of National Drug Codes (NDCs) on Certain Other Health Information (OHI) Records

In an effort to address an Office of Inspector General (OIG) concern regarding listing the specific National Drug Codes (NDCs) that a Patient Assistance Program (PAP) covers on behalf of a given beneficiary, CMS will be making a change to the Other Health Insurance (OHI) records that it shares with Part D plans through Medicare Advantage Prescription Drug system (MARx) effective December 2018.

Effective with January 2019, newly reported PAP-related OHI coverage occurrences will include at least one (1) associated NDC. Plans should be aware that typically a PAP will only provide coverage for a beneficiary for no more than two (2) drugs. Thus, in most instances, Part D plans will only notice up to two (2) NDCs for each PAP coverage period. However, Part D plans should know that CMS is making internal systems changes to accommodate up to a maximum of five (5) NDCs that could potentially be reported as part of a PAP coverage period.

Though rare, it is possible that multiple PAPs may provide coverage to an individual for different prescription drugs.

### 5. Enhanced Functionality to Accommodate Drug Management Programs

Section 704 of the Comprehensive Addiction and Recovery Act of 2016 (CARA) (Pub. L. 114-198) and the implementing final rule CMS-4182–F (April 16, 2018) include provisions that permit Part D sponsors to establish drug management programs for at-risk beneficiaries. Beginning January 1, 2019, under such programs, Part D sponsors may limit at-risk beneficiaries' access to coverage for opioids and benzodiazepines to instances when these drugs are obtained from selected prescribers and pharmacies ("lock-in") or through use of a beneficiary-specific point-of-sale claim edit after case management and notice to the beneficiaries. In implementing a drug management program, plan sponsors should refer to the final rule and all relevant CMS guidance. Additional guidance on drug management programs will be forthcoming this Fall.

Specifically, participating sponsors must send a potential at-risk beneficiary advance written notice of intent to implement a coverage limitation, and provide the beneficiary an opportunity to give relevant information to the sponsor within 30 days. Participating sponsors must send the beneficiary a second written notice, if applicable, when it determines that the beneficiary is an at-risk beneficiary and implements the coverage limitation. The start date of the implementation period cannot be more than 60 days from the date of the initial notice. The initial implementation period can last a maximum of 12 months. The one (1) year period can be extended for an additional 12 months under the requirements of the final rule including additional notice to the beneficiary, for a total implementation period 24 months.

An alternate second notice must be sent to the potential-at-risk beneficiary if the sponsor determines the beneficiary is not an at-risk beneficiary and does not implement a coverage limitation under its drug management program.

Beneficiaries notified that they are a potential at-risk beneficiary or at-risk beneficiary cannot use the dual/LIS quarterly SEP (election type 'L') to enroll in another plan or disenrollment from their current plan. They will still be permitted to use any other election period available to them, including the new SEPs (election type 'U') referenced in Section 3 of this announcement. If an enrollment or disenrollment using the duals SEP (election type 'L') is attempted during a limitation period, it will reject.

Plan sponsors will communicate drug management program information, such as notification date, intended coverage limitation(s), implementation date, implemented coverage limitation(s), changes and terminations to MARx using the existing transaction type 90. The layout for this transaction will be updated to accommodate the changes. This information will be shared via the BEQ and via the MARx UI. If the beneficiary switches plans, the gaining sponsor will also be notified by TRC of the beneficiary's active status (either a potential at-risk or at-risk beneficiary in their immediately prior Part D plan). This information can be used to verify a beneficiary's eligibility to join a new plan using the duals SEP.

Please direct questions to the MAPD Help Desk at 1-800-927-8069 or e-mail at mapdhelp@cms.hhs.gov.