

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Centers for Medicaid and State Operations

March 31, 2006

SMDL #06-006

Dear State Medicaid Director:

This letter is to keep you apprised of the Centers for Medicare & Medicaid Services' (CMS) activities to assure that dual eligible beneficiaries and other State program beneficiaries who are changing their drug coverage from Medicaid to Medicare will continue to have access to needed medicines.

As you may be aware, many beneficiaries switched Part D plans in December through February, sometimes late in the month. In the initial weeks of the drug benefit, our top priority was maintaining uninterrupted access to needed medications. As a result, we asked plans to proceed carefully in processing disenrollments, and some beneficiaries who switched plans or who were re-enrolled by their State were temporarily carried on the rolls of two Part D plans simultaneously.

Since that time, CMS has worked with the plans to review their enrollment lists to confirm that beneficiary records have been fully updated. Now that we have confirmed the enrollment status and coverage of these beneficiaries, we are working with the Part D plans on an enrollment reconciliation process to ensure that beneficiaries are using the drug plan they prefer. The reconciliation process will assure consistent coverage from a single plan, allow appropriate tracking of out-of-pocket costs, and permit payments to be reconciled between plans, while providing continuous drug coverage for beneficiaries.

For the majority of beneficiaries who switched plans, the only active billing is in their new plan, and they have never used or are no longer using any services in their original plan. For these beneficiaries, the reconciliation process only involves the beneficiary continuing coverage in their new plan.

Some beneficiaries have used services in their original plan. To ensure that these beneficiaries are enrolled in the plan they prefer, CMS has sent them a letter entitled "Special Notice to Confirm Plan Choice" (enclosed). This letter lets beneficiaries know about their choices and clearly tells them how to continue getting their services through their original plan. Beneficiaries who contact the original plan will continue to get their drug coverage through that plan, and will be disenrolled from the newer plan. Beneficiaries who do not contact the original plan will remain in the plan shown in the Medicare records, and will no longer be able to obtain service through their original plan. The letter emphasizes that no matter what choice beneficiaries make, they still have continuous Medicare prescription drug coverage. It also makes clear that affected beneficiaries may still change plans at any time until May 15, 2006. (under a special election

period that CMS has established for these individuals). Additionally, full benefit dual eligibles can change plans at any time.

Enclosed you will find a copy of the guidance we have sent to Part D plans outlining the reconciliation process.

We hope you find this information useful. If you have any questions on this matter, please call the Regional Administrator in your region (list enclosed).

Sincerely,
/s/
Dennis G. Smith

Enclosures

cc:

CMS Regional Administrators

CMS Associate Regional Administrators
for Medicaid and State Operations

Martha Roherty
Director, Health Policy Unit
American Public Human Services Administration

Joy Wilson
Director, Health Committee
National Conference of State Legislatures

Matt Salo
Director of Health Legislation
National Governors Association

Jacalyn Bryan Garden
Director of Policy and Programs
Association of State and Territorial Health Officials

Christie Raniszewski Herrera
Director, Health and Human Services Task Force
American Legislative Exchange Council

Lynne Flynn
Director for Health Policy
Council of State Governments