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TO: All Part D Plan Sponsors

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SUBJECT: Medicare Prescription Drug Benefit Manual – Chapter 14

DATE: August 27, 2013

CMS is pleased to release an updated version of Chapter 14 of the Medicare Prescription Drug Benefit Manual (Coordination of Benefits). The updated chapter contains extensive edits to clarify and update existing policy as well as add new guidance. Revisions have been made to incorporate recent statutory and regulatory changes, include guidance issued previously in HPMS memorandums and new policy, and reflect other developments such as implementation of the Version D.0 of the National Council for Prescription Drug Programs (NCPDP) Telecommunication Standard.

Significant changes include the following:

Changes made by the Affordable Care Act and CMS regulations

- ✓ Inclusion of payments made by State Pharmaceutical Assistance Programs (SPAPs), the Indian Health Service and AIDS Drug Assistance Programs (ADAPs) in incurred costs.
- ✓ New requirements related to the use of standardized technology.
- ✓ Requirement to report credible COB information to the COB contractor within 30 days of receipt.
- ✓ Timeframes for COB and retroactive claims adjustment, underpayment refunds and overpayment recoveries.

New and revised policy guidance

- ✓ New direct member reimbursement guidance which replaces the former beneficiary cash purchases policy.
- ✓ E1 enhanced matching logic.
- ✓ Special SPAP and ADAP procedures related to creation of Nx transactions.
- ✓ Clarifications regarding the annual full replacement COB file.
- ✓ Reporting exhaustion of Workers' Compensation Medicare Set-Asides.
- ✓ Waivers for Veterans Association-eligible PACE enrollees.
- ✓ Updates to guidance concerning coordinating a lump sum payment for supplemental coverage and the lump sum per capita approach.
- ✓ Revisions to the automated TrOOP balance transfer guidance in Appendix C.

Note: Although Part D sponsors are required to coordinate benefits for 36 months, the automated TrOOP balance process is available only for a maximum of 17 months. The NCPDP Financial Information Reporting Task Group of Work Group 1 created a white paper, “Post Automated TrOOP Balance Transfer (ATBT) Process,” that describes a process for transferring TrOOP-related accumulator data if the automated process is no longer available. The paper is publicly available on the NCPDP Web site at <http://www.ncdp.org/Whitepaper.aspx>.

Other updates

- ✓ Changes to reference Version D.0 of the NCPDP Telecommunication Standard.
- ✓ Revisions to reflect changes in the Electronic Correspondence Referral System (ECRS) and the Medicare Advantage Prescription Drug (MARx) system.
- ✓ Inclusion of section 4 of the NCPDP white paper “Overview of the Medicare Part D Prescription Drug Coordination of Benefits (COB) Process” in Appendix G.
- ✓ Inclusion of an index of acronyms and in Appendix H a glossary of terms used in the chapter.

The revised manual will be posted at

http://www.cms.hhs.gov/PrescriptionDrugCovContra/12_PartDManuals.asp

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