

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



## **CENTER FOR MEDICARE**

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June 26, 2013

Dear State Official:

The Centers for Medicare & Medicaid Services (CMS) is requesting the annual update to your State Pharmaceutical Assistance Program's (SPAP) benefit, enrollment and coordination information. Attached is the standardized template and instructions for submitting this information for your calendar year (CY) 2014 coverage. The information you provide allows CMS to understand your programs so that we may work collaboratively to bring our beneficiaries the most comprehensive benefits available to them under both the Medicare Prescription Drug Benefit and State programs.

States should submit their scanned and signed template (Attachment 2) as well as any concerns to the following email box by July 15, 2013: [SPAP@cms.hhs.gov](mailto:SPAP@cms.hhs.gov). If you have any questions regarding the instructions, please contact Heather Rudo at (410)786-7627 or Stephen Ludwig at (410)786-0554.

### **Recent Changes**

We want to make you aware of changes made to the Part D program that will be effective beginning in CY 2014 that may impact your members' benefits or your program's operations. These changes were part of the final Call Letter for 2014, which was published on April 8, 2013. You may access the final Call Letter at <http://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/downloads/Advance2014.pdf>. Specifically:

- Effective January 1, 2014, Part D sponsors must establish and apply a daily cost-sharing rate for certain prescriptions dispensed by a network pharmacy for less than a 30-day supply, which removes the disincentive for enrollees having to incur costs for a full month's supply when the beneficiary is receiving less than a full month's supply. This option may also help enrollees who are prescribed a chronic medication during the deductible phase in their benefit or the coverage gap, when they are faced with higher cost-sharing.
- Beginning January 1, 2013, the definition of a Part D drug was revised to include barbiturates used in the treatment of epilepsy, cancer, or a chronic mental health disorder, and benzodiazepines. Effective at the beginning of 2014, any remaining restriction of barbiturate coverage under Part D has been removed. This means that barbiturates that otherwise meet the definition of a Part D drug under §1860D-2(e) may be covered under Part

D for any medically accepted indication, as defined in regulation. Please note that only a few potential additional products are likely to qualify as Part D drugs in 2014, the most notable being FDA-approved butalbital-containing products used for the treatment of headaches.

For those SPAPs that pay supplemental to Part D, please refer to Attachment 1 of this letter. The attachment details the steps necessary for the TrOOP Facilitation process to work properly in order to provide record of your payment to the Part D plan.

We appreciate your prompt attention to this request, and look forward to our continued work with you.

Sincerely,

Cynthia Tudor  
Director, Medicare Drug Benefit and C&D Data Group

Arrah Tabe-Bedward  
Director, Medicare Enrollment &  
Appeals Group

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## Attachment 1

### TrOOP Cost Accumulation and Coordination of Benefits (COB) Process in Real-Time

To assist Part D sponsors with correctly calculating the TrOOP cost amount for their members, CMS contracts with a Part D transaction facilitator (the facilitator) to facilitate the transfer of supplemental payer claim information to Part D sponsors. The primary function of the contractor is to identify patient paid amounts remaining after other payers have wrapped around Part D claims so that Part D sponsors can identify these costs and accumulate TrOOP cost correctly for their members.

For the TrOOP cost facilitation process to work properly, Part D sponsors (or their processors), other payers, pharmacy switches (claims routers), and the facilitator must interact to accurately track a member's TrOOP costs in real-time. To ensure SPAP costs are accurately accounted for in the TrOOP calculation, SPAPs must sign a data sharing agreement with CMS and submit electronic enrollment files to CMS' COB contractor with specific information that will be provided to the facilitator. Each SPAP enrollment file must include a *unique* RxBIN or RxBIN/RxProcessor Control Number (PCN) combination for its Medicare Part D enrollees. It is this unique identifier that flags the secondary claim so that the pharmacy switch can route the claim to the facilitator. This identifier also gives Part D sponsors the ability to match the N transaction it receives from the facilitator to the member's Part D claim for TrOOP calculation purposes.

NOTE: Provide a record of your TrOOP specific BIN/BIN-PCN to NCPDP to [CMS-SPAP-ADAPplaninfo@ncdp.org](mailto:CMS-SPAP-ADAPplaninfo@ncdp.org) with SPAP ADAP Update in the Subject line. This insures that the switches are notified to forward your paid claims to the Transaction Facilitator, who in turn will attempt to forward the information to the Part D plan.

Using more technical terms, pharmacy claims to payers are transmitted via "B" transactions. These B transactions are submitted electronically by the pharmacy to their switch. The pharmacy switch forwards to the facilitator the B transactions that are not rejected by the secondary payer and that contain a unique RxBIN or RxBIN/RxPCN combination for a plan that covers Medicare Part D beneficiaries. This identifier is the flag that pharmacy switches use to route the data to the facilitator. The facilitator uses the information contained in the B transaction to trigger the creation of a reporting transaction ("N" transaction) and delivers the N transaction to the Part D sponsor. All claims submitted to other payers must be processed through a pharmacy switch so that the pharmacy switch can deliver the transactions to the facilitator enabling accurate TrOOP cost reporting at the Part D sponsor.

If the SPAP does not have electronic claims processing capability, the SPAP may alternatively submit a batch file of supplemental claims information or make arrangements to submit information in another format to the facilitator. The supplemental claims data submitted to the facilitator will be supplied to Part D sponsors for TrOOP cost calculation. If the SPAP uses the batch process, it must still establish a unique Rx BIN or RxBIN/RxPCN and participate in the data sharing exchange with CMS' COB contractor.

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If the SPAP does not support either the on-line or batch process, no N transaction will be created and Part D sponsors will not be required to coordinate benefits if the claim(s) later adjust due to changes in SPAP members' low-income subsidy (LIS) or dual eligible status. That is, when Part D sponsors are unable to automatically identify and retroactively adjust those claims paid for by SPAPs, Part D sponsors are not responsible for ensuring that the SPAP is reimbursed for the overpaid amounts on the adjusted claims. Part D sponsors will likely reimburse the member directly and it is then the responsibility of the SPAP, if it so chooses, to recover the money directly from its members.

### **Steps to Ensure Proper TrOOP Cost Calculation for Part D SPAP Members**

1. Sign a data sharing agreement (DSA) and participate in the COB enrollment file exchange with CMS's COB contractor. SPAPs are required to sign a DSA and follow the instructions contained in the attached user guide when participating in the COB enrollment data file exchange. The information the SPAP provides via its enrollment file to the COB contractor, in particular, the unique RxBIN or RxBIN/RxPCN, is sent to both the facilitator and the Part D sponsors. The DSA and User Guide provide specific information regarding the submission of the necessary data.
2. Establish a unique RxBIN or RxBIN/RxPCN combination for their Part D members and submit this information as part of the COB contractor enrollment file exchange. As explained above, the unique Rx BIN or RxBIN/RxPCN allows the claim to be routed to the facilitator so that the facilitator may create an N transaction which will provide the Part D sponsor with the supplemental payer information that is necessary to calculate TrOOP cost correctly. In other words, without the correct Rx BIN or RxBIN/RxPCN, TrOOP cost will not be calculated correctly because the facilitator may not be able to generate the N transaction, nor will the sponsor be able to match the N transaction to the its enrollee's Part D claim.
3. Ensure that the SPAP or its processor, when processing secondary claims, accepts and processes only those claims that use the *same* 4Rx information submitted on the SPAP's input file (4Rx – RxBIN/RxPCN/RxGroup ID/RxMember ID or a subset thereof of 4Rx data) to the COB contractor. CMS has found that when SPAPs accept and process claims using only some of, or the wrong, 4Rx information submitted on their input file to the COB contractor file, an Nx could not be generated because the facilitator did not identify the SPAP as a TrOOP-eligible payer. This causes the Part D sponsor to understate its members' TrOOP balances.

For additional resources related to the process of providing your payment information to the Part D plans, go to [http://ncdpd.org/resources\\_spap.aspx](http://ncdpd.org/resources_spap.aspx).

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**Attachment 2 (SPAP template)**

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