

Attachment 1

True Out-of-Pocket (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 simplify the transfer of supplemental payer claim information to Part D sponsors. The primary function of the facilitator 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 costs 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 enable Part D sponsors 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' Benefits Coordination and Recovery Center (BCRC, formerly the 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 information reporting transaction it receives from the facilitator to the member's Part D claim for appropriate calculation of TrOOP.

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 those 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 RxBIN or RxBIN/RxPCN identifier is the flag that pharmacy switches use to route the transaction to the facilitator. The facilitator uses the information contained in the B transaction to create an information reporting transaction ("Nx" 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 calculation of TrOOP costs by 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 calculations. 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' BCRC.

If the SPAP does not support either the on-line or batch process, no Nx transactions will be created and Part D sponsors will not be required to coordinate benefits if claims later adjust due to changes in an SPAP member's 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 by SPAPs, Part D sponsors are not responsible for ensuring that the SPAP is reimbursed for any overpayments 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 Calculation of TrOOP Costs for Part D SPAP Members

1. Sign a data sharing agreement (DSA) and participate in the COB enrollment file exchange with CMS's BCRC. SPAPs are required to sign a DSA and follow the instructions contained in the DSA user guide when participating in the COB enrollment data file exchange. The information the SPAP provides via its enrollment file to the BCRC, in particular, the unique RxBIN or RxBIN/RxPCN, is sent to both the facilitator and 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 the SPAP's Part D members and submit this information as part of the enrollment file exchange with the BCRC. As explained above, the unique Rx BIN or RxBIN/RxPCN allows the claim to be routed to the facilitator to create an Nx transaction which will provide the Part D sponsor with the supplemental payer information that is necessary to calculate TrOOP costs correctly. In other words, without the correct Rx BIN or RxBIN/RxPCN, TrOOP costs will not be calculated correctly because the facilitator will be unable to create an Nx transaction, and, if an Nx transaction were created, the sponsor would be unable to match it to the enrollee's Part D claim.
3. Ensure that the SPAP or its processor, when processing secondary claims, accepts and processes only those claims with 4Rx information that is identical to the 4Rx information submitted on the SPAP's input file to the BCRC. (4Rx data include: RxBIN, RxPCN, RxGroup ID, and RxMember ID. Although RxPCN and RxGroup are optional, these must be included on claims when they have been included on the SPAP input file.) CMS has found that when SPAPs accept and process claims using 4Rx information that is different from the data submitted on their input file to the BCRC, an Nx transaction 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 costs.

NOTE: Please email a record of your Medicare Part D specific BIN or BIN-PCN combination to NCPDP at CMS-SPAP-ADAPplaninfo@ncdpd.org with SPAP ADAP Update in the Subject line. The NCPDP SPAP/ADAP BIN/PCN Reference Guide is available at www.NCPDP.org and provides guidance on the spreadsheet. Programs and their processors should use this guidance for reporting and updating their information. This will ensure that the pharmacy switches will be notified to forward your paid claims to the transaction facilitator, who in turn will forward the information to the Part D plan.

For additional resources related to the process of providing your payment information to the Part D plans, go to www.NCPDP.org.

INFORMATION NOT RELEASABLE TO THE PUBLIC UNLESS AUTHORIZED BY LAW:
This information has not been publicly disclosed and may be privileged and confidential. It is for internal government use only and must not be disseminated, distributed, or copied to persons not authorized to receive the information. Unauthorized disclosure may result in prosecution to the full extent of the law.