

Exclusive Drug Card-Related Q & As

These are responses to questions posed to CMS staff and via the email box drugcard@cms.hhs.gov specifically relevant to exclusive card sponsors. We continue to answer questions from sponsors on a rolling basis. The date next to the question indicates when it was posted on this web site. The most recently posted questions are at the end of each section.

Last updated June 3, 2004. Section receiving update: Transitional Assistance

Topics:

Endorsement / Application and Endorsement.....	2
ACR/Benefits	5
Cost Plans.....	8
Enrollment and Eligibility.....	9
Waiver Issues	13
Marketing, Information and Outreach	17
Transitional Assistance	19
Other Requirements	21
Miscellaneous	24

Endorsement / Application and Endorsement

1. Are the application or start up dates different for endorsed card sponsors vs. exclusive card sponsors?
 - A. No. The dates will be the same, with the exception of M+C organizations that simultaneously apply to offer a new coordinated care plan or plans and an exclusive card program to members of such plan(s), and service area expansions under coordinated care plans, as provided under 42 CFR § 403.804(a)(2).
2. Will the discount program solicitation responses be sent at the same time as the ACR filing scheduled for 2/2/04, or will the applications be filed separately?
 - A. They will be filed separately. Applications are due into CMS January 30, 2004. ACRPs will also be due January 30, 2004. This due date for ACRPs is a few days earlier than initially indicated, as the DIMA (Medicare Prescription Drug, Improvement, and Modernization Act of 2003) rates will be also be released earlier than initially anticipated by CMS (on January 16, 2004), and ACRPs are due two weeks after CMS releases the new rates.
3. Should the Letter of Intent be provided at the organization level or the plan level?
 - A. Letters of intent should be provided at the organization level.
4. All members of our plan are provided "value added" discount plans for being members of the BCBS plan. This applies to members under, as well as over 65 years of age. One of the "value added" benefits is a prescription drug discount plan. Will our members over age 65 still be able to use this discount feature for their prescription drugs?
 - A. The discount card program will not affect your ability to continue offering a non-endorsed discount card program to your plan enrollees. If your organization applies for Medicare endorsement, however, it will have to demonstrate that it meets the requirements contained in either the general solicitation or the Medicare managed care solicitation (if it wishes to offer an exclusive card program). At its option, a plan may simultaneously offer its members both an endorsed discount card program and a non-endorsed discount card program.
5. Will transitional assistance be available to Medicare cost plan members as it is for M+C enrollees?
 - A. Yes. Transitional assistance will be available to eligible enrollees enrolled in discount card programs sponsored by Medicare cost plans.
6. There are several Blue Plans that operate in service areas that are smaller than states. Would such plans be precluded from developing their own endorsed discount card program?

- A. An entity offering a non-exclusive endorsed drug discount card program must offer the program to all eligible Medicare beneficiaries in a state included in the program's service area. However, an exclusive card sponsor could limit the service area for its exclusive card program to the service area for its Medicare managed care plan(s) offering the exclusive card program, which may include a portion of a state.
7. Some organizations that hold an M+C contract also serve members who are Medicare-eligible, but who are not M+C enrollees (i.e., members for whom the plan does coordination of benefits). If a plan wants to offer an exclusive card, could it offer the exclusive card to all its Medicare-eligible members (i.e., those in M+C and those in its other plans)?
 - A. An exclusive card sponsor may only offer its exclusive card program to enrollees in its Medicare managed care plans.
 8. If an M+C organization offers 2 programs; 1 for plan members only (exclusive) and another for non-plan members (non-exclusive) is this permitted?
 - A. Yes. The organization would have to respond to both the general solicitation (for the non-exclusive card program) and the Medicare managed care solicitation (for the exclusive card program) to obtain CMS approval of both programs.
 9. Would a Medicare managed care plan be able to contract with a PBM that has a CMS endorsed card and market the PBM's endorsed card as the managed care plan's endorsed card?
 - A. Yes, this would be allowed, provided the information and outreach materials provided to discount card plan enrollees, including the discount card, clearly show that the endorsed card sponsor (in this case, the PBM) is the organization that received CMS's endorsement, and not the managed care organization.
 10. We are currently a M+C organization with a PPO Demo Project. We are considering doing two discount card offerings, one for our M+C PPO and one for all Medicare in the state. What Application(s) would we need to submit? I found that the Solicitation says that only one intent to apply is needed by the new January 7 due date, but would we need two separate Applications submitted by January 30 since some requirements are waived for M+C plans? Or since we are a contracted M+C company, would all waived requirements be waived for any plan we administer even if it covers Medicare beneficiaries who are not a part of our PPO Demo?
 - A. Your organization will have to submit two separate applications – one that responds to the general solicitation (for the non-exclusive card program for all Medicare beneficiaries in your state), and one that responds to the Medicare managed care solicitation (for the exclusive card program for your M+C PPO enrollees).

11. We are an M+CO that offers a prescription drug benefit. We have a contract with a PBM to administer this benefit and a discount when the benefit is exhausted. If that PBM becomes an endorsed sponsor, can we exclusively market their card to our members and accept some responsibilities such as facilitating the enrollment of transitional assistance members? Would CMS allow this?
 - A. An M+C organization may recommend the PBM's card to its members and facilitate enrollment for interested beneficiaries, provided it makes clear to beneficiaries that they may choose any endorsed card program in their service area.

12. If a MCO becomes an endorsed card provider and decides to terminate its M+C plan for whatever reason, may the MCO likewise terminate the endorsed drug discount card program before 12-31-05?
 - A. Yes, the endorsed card sponsor may terminate its endorsement contract if it terminates its Medicare managed care contract. However, the card sponsor must give advance notice to CMS and beneficiaries as specified in § 403.820(d)(2) and may not terminate its card program until at least 90 days after CMS receives the endorsed sponsor's notice of intent to terminate.

13. We have two plans, choice and basic. Can we apply to have the drug benefit for the higher level plan endorsed, but not the drug plan associated with the Basic plan?
 - A. Yes. You can apply to offer an exclusive card program for some, but not all, of your Medicare managed care plans.

14. Can we choose to only offer a program for Drug Discount and NOT transitional assistance members?
 - A. No. Section 1860D-31(1)(B) requires that endorsed sponsors offer transitional assistance for transitional assistance eligible individuals enrolled in an endorsed prescription drug discount card program. An exclusive card sponsor applicant could request a waiver of this provision; however, given that the members of a managed care plan that provides an exclusive card program may not join any other approved card program, CMS would not likely grant such a waiver because it would exclude the plan's members from this important benefit which could be used to lower their out of pocket drug costs.

15. If an M+C organization contracts with an PBM to make that PBM's endorsed card available to their members, is it permissible for the M+C organization to market and conduct outreach for the endorsed card to it's members although it's not their card? In short, can an M+C organization market another organization's endorsed card to their members? If so, what are the limitations?
 - A: See the definition of marketing in the privacy regulations at 164.501. Under that definition, marketing is not a communication that "describes a health related product or service that is provided by or included in a plan of benefits of the covered entity making the communication." It appears that this situation may fall within this exclusion from the marketing definition,

although we cannot provide a definitive answer without further information. If such activities do in fact fall outside the marketing definition, they likely are health care operations, in which case a M+C organization (the covered entity) can market the endorsed card without getting individual authorization. Of course, the minimum necessary information rules would apply.

Also, if the MCO is, by virtue of its contracting arrangements with the sponsor, conducting targeted information and outreach to the MCO's members on behalf of the sponsor, then the MCO would be required to be in compliance with the drug card information and outreach guidelines. Further, the MCO and sponsor should evaluate whether their arrangement gives rise to a business associate arrangement.

16. Our plan is currently in the process of submitting an application to become a Medicare+Choice PPO. We currently have a contract as an HMO. Due to state licensure, we will have a different contract number as a PPO if our application is accepted. If we want to offer an exclusive drug card as part of our PPO program, will we need to add the drug card application as a section to our PPO application? Will we have to follow the procedures for the non-MCO solicitation? Should we file an MCO solicitation as a PPO with a pending application?
 - A. This organization must submit an exclusive managed care drug card application by the January 30th deadline. Officials from the health plan should notify their CO / RO plan managers reviewing their M+C application in writing of their intent to submit a drug card application since their PPO application has already been filed with CMS and presumably did not mention their intent to offer a drug card. They should also amend their ACR proposal (ACRP) to reflect their intent to offer an exclusive drug card at the time they submit their revised DIMA ACRP to CMS. The deadline for M+C organizations to submit DIMA ACRPs to CMS is January 30, 2004.

ACR/Benefits

1. Assuming an exclusive sponsor elects to apply transitional assistance (TA) to cost-sharing for drugs provided under its managed care plan drug benefit, is there a 5%/10% co-insurance required? For example, if there is a \$5 co-pay under the plan, is the beneficiary responsible for 25 (5%) or 50 (10%) cents?
 - A. Coinsurance is not required in this case. The full cost sharing due from a beneficiary under the Medicare drug benefit may be paid with TA funds, at the enrollee's discretion.
2. Will CMS modify the 2004 ACR [to accommodate M+COs who participate in the drug card program]?
 - A. Yes. We have done so. See Instructions for the 2004 DIMA ACRP Season for further details.

3. I work with an M+C organization that provides a prescription drug benefit for its M+C members which is subject to a maximum benefit threshold (i.e., once the member's prescription drug expenses reach a certain dollar level, the benefit is exhausted). After the member exhausts this benefit, he or she still has access to the M+C organization's negotiated discounts with network pharmacies. The M+C organization also enrolls members who elect not to purchase the prescription drug benefit. These members also have access to the M+C organization's negotiated discounts with network pharmacies, although the discounts are not the same as for M+C members who have exhausted their benefits. My question is what effect, if any, does the discount card law have on the M+C organization's ability to make these discounts available to their M+C members. Do they have to offer an endorsed card?
 - A. The endorsed discount card program is strictly voluntary. Medicare managed care organizations will not be required to offer an endorsed discount card and, at their option, can continue offering a non-endorsed discount program to their Medicare managed care plan members.
4. If an exclusive sponsor allows TA to be applied to cost-sharing under a plan's drug benefit, can it place limits on how much TA may be applied in order to preserve its plan's cost incentives? For example, if under the plan members have a lower co-pay for generic drugs, can the exclusive sponsor apply TA to the co-pay for generic drugs but not brand drugs, or apply TA to the entire co-pay for generic drugs but only a portion of the co-pay for brand drugs?
 - A. No. To the extent that an exclusive card sponsor allows TA funds to be used to pay cost sharing under its existing Medicare drug benefit, it cannot differentiate between covered discount card drugs in allowing the Medicare enrollee to use TA to pay cost sharing for those drugs.
5. Please explain any limitations to filing administrative costs in the ACR. For example- if an M+CO charges no enrollment fee, how does that impact the ACR filing?
 - A. An M+C organization may charge up to \$30 as an annual enrollment fee to individuals that elect an exclusive card. If an M+CO charges no enrollment fee, then it may claim up to a "weighted" \$30 per member per year in administrative costs in its ACRP related to that plan. See Instructions for the 2004 DIMA (Medicare Prescription Drug, Improvement, and Modernization) ACRP Season for further details.
6. Why must a drug card be offered as an optional supplemental benefit?
 - A. An endorsed drug card may be offered as either an optional supplemental benefit or an additional benefit. If offered as an additional benefit, members must have the option to decline enrollment in the endorsed drug card in order to preserve the voluntary nature of the Medicare-endorsed Drug Discount Card Program. See Instructions for the 2004 DIMA ACRP Season for further details.

7. Please clarify whether M+C plans may offer an endorsed card for which they are not the sponsor as an optional supplemental benefit, just as they would if the plan were the sponsor for a card.
 - A. M+C plans may offer an endorsed card – whether they or another entity is the endorsed sponsor – as an optional supplemental benefit.
8. Can M+C plans offering discount cards to everyone in the state (not an exclusive discount card) charge their M+C plan members less than non-M+C members?
 - A. Card sponsors must charge their enrollees uniform enrollment fees. However, an M+C plan offering such a program would be allowed to subsidize the enrollment fee for its M+C plan members, provided that any such subsidy were reflected in the M+C organization's ACR filing.
9. If an M+C plan offers a drug discount as a value-added service, and not as a drug benefit and it wants to offer a Medicare-approved drug discount card as well, can it ask its members to choose one or the other drug card, or does it have to provide the value-added discount regardless of whether or not the member chooses to purchase the Medicare-approved drug card?
 - A. Such an M+C plan would have to offer both the endorsed discount card and the value-added discount to all its members because, per the Medicare managed care manual, all value-added items and services (VAIS) must be offered uniformly to all M+C plan enrollees and potential enrollees.
10. If a MCO does not offer an endorsed card and member purchases an endorsed card from an endorsed sponsor, can the member use the endorsed card while utilizing the \$150 quarterly cap provided by our MCO?
 - A. In this scenario, plan enrollees could choose to use either their endorsed discount card (and any transitional assistance for which they are found eligible) or their Medicare managed care plan drug benefit (subject to the \$150 cap described) above to purchase covered discount card drugs. Because the Medicare managed care organization would not be the endorsed card sponsor, enrollees would not be able to use any transitional assistance to which they were entitled toward deductibles, copays, or coinsurance under the plan's drug benefit.
11. As an M+CO, if we choose to offer an exclusive card in 2004 and 2005, do we have to actuarially match the 2006 benefit at this time or can the benefit be anything we choose?
 - A. Your exclusive card program must comply with the requirements articulated in the managed care solicitation. You will not have to actuarially match the Part D drug benefit if your organization chooses to offer a drug benefit under Part C for its Medicare managed care plan members in 2004 and 2005.
12. At present for our M+C members we cover drugs up to \$250 each quarter. When the member exceeds the \$250 we allow them to get the drugs at our discounted cost.

Would it be possible for us not to allow the discount and have the M+C members use the Medicare discount card for 2004 and/or 2005?

A. In 2004, any Medicare endorsed discount card you offer must be in addition to your current discount program. Per Chapter 3 of the Medicare Managed Care Manual, you must offer a benefit or value-added item and service (VAIS) throughout the contract year. In 2005, you may offer a Medicare endorsed discount card instead of or in addition to your current discount program. Please note that you must apply by January 29, 2004 to offer an endorsed card in 2004 and 2005. We will only accept applications for Medicare endorsement of a discount card program after January 2004 from organizations with new Medicare managed care contracts.

13. If a health plan offers a discount drug card and elects not to apply for CMS endorsement of the program, may the plan continue to offer the benefit in 2004? Can the plan include any of the associated costs in the ACR? If so, where should expenses be recorded? How would information about the discount card be communicated to plan members?

A. A Medicare managed care plan may elect to continue offering its current discount card program in 2004 and not apply for Medicare's endorsement of that program. The discount card would have to continue to be offered as a value-added item and service (VAIS), meaning that the plan would not be able to include any of the associated costs in the ACR. Information about the discount card would be communicated to members using the guidelines for VAIS in the Medicare managed care manual.

14. *1/22/04* - Assume an M+C plan gets approved as an exclusive card sponsor. Assume also that it currently offers a discount on drugs purchased by its members as a value added service, and that it intends to keep that current discount card program intact. Let's say that its Medicare approved card program offers a discount of AWP minus 10%, and that its existing program also offers a discount of AWP minus 10%. If a member purchases the Medicare approved card, is the member entitled to AWP minus 10%, or must the plan sponsor add both discounts together and offer AWP minus 20%?

A: Because the two are separate programs (one is a value-added item and service, and the other is a Medicare endorsed discount card), a member who chooses to enroll in the exclusive card program would be entitled to either a 10% discount using the VAIS discount or a 10% discount using the endorsed discount card. The discounts would not be cumulative.

Cost Plans

1. What is a "Medicare cost reimbursement contractor" referred to on page 5 of the Overview under Medicare Managed Care Plans Offering Exclusive Card Programs?

A. We are referring to organizations offering reasonable cost reimbursement plans under Section 1876(h) of the Social Security Act.

2. Can administrative costs during the transition period be considered in the 2006 ACR?
 - A. No.
3. Will there be any changes to the cost reports for Medicare cost plans [who presumably opt for exclusive endorsement]?
 - A. No.
4. **04/6/04** Will §1876 cost plan enrollees be eligible for Transitional Assistance (TA)?
 - A: It depends. Section 1860D-31(b)(2)(B) excludes from TA eligibility individuals with coverage for covered discount drug card drugs under a “group health plan” or “health insurance coverage,” as those terms are defined in section 2791 of the Public Health Service (PHS) Act. While an exception to this general rule applies to individuals with coverage under Part C (the MA program) and coverage consisting only of “excepted benefits,” the exception does not extend to individuals enrolled in a cost plan that provides drug coverage. A person enrolled in a cost plan that provides coverage for covered discount drug card drugs will not be eligible for TA, since a cost plan meets the definition of “health insurance coverage” in section 2791 of the PHS Act. On the other hand, individuals enrolled in a cost plan that does not provide coverage for covered discount drug card drugs are eligible for TA either from the cost plan itself (through enrollment in an exclusive drug card) or through enrollment in another drug card. Note that individuals enrolled in cost plans that offer only a discount on covered discount drug cards are potentially eligible for TA, since discounts offered as a value added item or service (VAIS) or otherwise are not technically considered to have coverage of or assistance for covered discount drug card drugs.

Enrollment and Eligibility

1. If an M+C member who is enrolled in an M+C plan that is an exclusive card sponsor elects a endorsed plan that is not the M+CO's plan, during the annual open enrollment period, will the M+C member be automatically disenrolled from the M+C plan or will they need to submit a disenrollment form to the M+C plan to become eligible for the endorsed plan?
 - A. Members of managed care plans that are offer an exclusive drug card are not eligible for any other drug card except the card offered by that managed care plan. If such a beneficiary should submit an enrollment form to another drug card sponsor, that enrollment will be rejected by CMS because of the beneficiary's status as an enrollee in a managed care plan that offers an exclusive drug card sponsor. In no case will enrollment in any drug card program result in an automatic disenrollment from a Medicare managed care plan. Members of managed care plans that offer exclusive drug cards would have to disenroll from the managed care plan to become eligible for any other endorsed card program.

2. We are submitting an application to be an exclusive card sponsor for both our M+C and Cost plans. We have a question about the requirement that enrollees in an exclusive card sponsor's discount program live in the service area. Under the regulations for M+C and Cost plans, we're required to enroll members who are aging in from our commercial products even if they live outside our M+C and Cost service areas. We would like to offer our exclusive endorsed discount card to these members as well. May we do so or will we need to request a waiver in the application process?
 - A. Yes, you may enroll these members in your endorsed card program.
3. If a Medicare managed care organization does not offer an endorsed card to its members and the only other endorsed cards in the area are exclusive card programs offered by other Medicare managed care organizations, would our members be required to disenroll from our plan and enroll with another plan to have access to the endorsed card (assuming that there is no PBM or pharmacy in our area offering an endorsed discount card)?
 - A. Yes, a beneficiary would have to disenroll from your Medicare managed care plan and enroll with another plan in order to be able to enroll in that plan's exclusive card program. However, given that Section 1860D-31(h)(2)(D) of the Social Security Act requires us to ensure that every eligible beneficiary in the 50 States have a choice of at least 2 endorsed programs, Medicare beneficiaries will have access to at least 2 non-exclusive card programs in each state. Thus, it is unlikely that beneficiaries will find it necessary to disenroll from a Medicare managed care plan and enroll in another Medicare managed care plan offering an exclusive card program in order to access negotiated prices under an endorsed discount card.
4. Is it permissible for an M+C to assist its members in (voluntarily) enrolling in another entities endorsed card if we do not offer an endorsed card ourselves? Scenario: An M+C org permits its members to contact its member relations department for assistance with enrolling in an endorsed card program not directly offered by that M+C but rather through a PBM that the M+C org contracts with. If so, would the M+C org have any additional responsibilities to CMS in doing so? Such as submitting data to CMS etc.
 - A. Yes, a Medicare managed care organization may recommend an endorsed card program to its enrollees and assist enrollees who are interested in joining that endorsed card program in enrolling in the program, provided it makes clear to beneficiaries that they may choose any endorsed card program in their service area. The endorsed card sponsor (in this case, the PBM) would have to fulfill reporting and other requirements as specified in the general solicitation, but the Medicare managed care organization would have no similar obligations.
5. If an M+C member is enrolled in an M+C plan that offers an exclusive program and that M+C member chooses a endorsed program (not the M+C plan's exclusive program) during the annual open enrollment period in Nov., will that M+C member

be disenrolled from the M+C plan based on the action of selecting the endorsed program?

- A. An M+C enrollee in this scenario would have to disenroll from his or her original M+C plan before CMS's enrollment exclusivity system would allow him or her to enroll in another endorsed card program. Attempting to enroll in an endorsed card program will never result in disenrollment from an M+C plan.
6. If a MCO uses a PBM as its endorsed card provider and terminates its contract with that PBM vendor, can our enrollees switch to the new PBM as an endorsed card vendor in the middle of a year or before 12-31-05?
- A. If a Medicare managed care organization is the sponsor of an exclusive card program (and subcontracts with a PBM to operate that exclusive card program), the Medicare managed care organization's enrollees are considered enrolled in an exclusive card program offered by the Medicare managed care organization. The Medicare managed care organization is free to subcontract with a different PBM for management of its exclusive card program provided that it continues to meet the sponsor qualification requirements. If, however, the PBM (and not the Medicare managed care organization) is the endorsed card sponsor, the Medicare managed care organization's enrollees will not be able to enroll in the second PBM's endorsed card program other than during the annual coordinated election period unless they disenroll from the Medicare managed care plan in question and qualify for a special election period.
7. If a MCO provides drug discount card programs through its endorsed card sponsor PBM, and the MCO chooses to change PBMs in 2004 or 2005, what is the CMS policy and guideline on the corresponding impact upon the MCO members? Will the members follow the MCO to its new PBM and its endorsed card sponsored program? Will CMS permit partner or subcontractor switches in the middle of the enrollment year for any number of reasons?
- A. A Medicare managed care organization is free to subcontract with a different PBM for management of its exclusive card program provided it continues to meet the sponsor qualification requirements. If, however, the PBM (and not the Medicare managed care organization) is the endorsed card sponsor, the Medicare managed care organization's enrollees will not be able to enroll in the second PBM's endorsed card program other than during the annual coordinated election period unless they disenroll from the first PBM's endorsed card program and qualify for a special election period.
8. **04/29/04** Can you clarify the notice requirements for sponsors in the drug card program?

A: The notice requirements are summarized in the table below:

Notice	When to send	Required time frame	Content notes
--------	--------------	---------------------	---------------

Confirmation of enrollment	After receiving CMS systems reply confirming enrollment	General Card Sponsors: Within 5 business days of the receipt of the CMS reply Exclusive Card Sponsors: Within 7 business days of the receipt of the CMS reply	Include effective date (CMS models provided)
Ineligibility Notice	1. After sponsor review determines the beneficiary is not eligible, or 2. After receiving CMS reply showing ineligibility	General Card Sponsors: Within 5 business days of either (1) or (2) in the previous column, as appropriate. Exclusive Card Sponsors: Within 7 business days of either (1) or (2) in the previous column, as appropriate.	Include reason for apparent ineligibility and information on reconsideration (CMS models provided)
Delinquency Notice	Card member fails to pay annual fee	Within 20 days of delinquency	(no model)
Confirmation of Disenrollment	After receipt of CMS reply confirming disenrollment	NOT REQUIRED, but sponsors may elect to send	(no model)
Confirmation of involuntary disenrollment for non-payment of premiums	After the 10-day period provided in the delinquency notice expires	NOT REQUIRED, but sponsors may elect to send	(no model)

Note: This reference table only provides information on notices related to the enrollment process, and does not address other materials as described in the information and outreach guidelines.

9. **04/29/04** Have the ineligibility determination notices been changed?

- A. The ineligibility determination notices have been updated to reflect appropriate reason codes in which an individual would be determined ineligible to enroll in the discount card and/or \$600 credit. [Click here](#) to go

to the 3 revised models and instructions regarding marketing approval of the revised materials.

Waiver Issues

1. How can exclusive card sponsor applicants request additional waivers from or modifications of requirements applicable to other drug card sponsors?
 - A. Applicants may request additional waivers from or modifications of requirements applicable to other drug card sponsors. Applicants must demonstrate that the requirement(s) at issue are duplicative of, or in conflict with, requirements applicable to Medicare managed care organizations, or that they interfere with the coordination of benefits offered under their drug card with benefits provided under the Medicare managed care program. Applicants should submit requests for additional waivers or modifications in their applications. The solicitation sets forth some possible additional waivers and modifications (see chart on pages 15-16 of the solicitation for applications for Medicare managed care organizations) that applicants may consider requesting in their applications. In addition, we invite applicants to submit additional possible waivers or modifications by submitting those proposed waiver in the format provided below to drugcard@cms.hhs.gov by **January 9, 2004**. CMS will review these submitted possible waivers and post on the CMS website, by **January 16, 2004**, a chart of additional waivers or modifications it will consider approving for Medicare managed care organizations. Any proposed waivers or modifications submitted by January 9 will be in addition to those listed on pages 15-16 of the solicitation for applications for Medicare managed care organizations, and applicants may indicate their intent to request any of these waivers or modifications (or any additional waivers or modifications), in addition to providing any information CMS may require, in their applications due on January 30, 2004.

Additional Proposed Waiver / Modification Requests

Proposed Waiver/ Modification of Requirements	Relevant Regulatory Provision Requested to be Waived / Modified	Rationale for Waiver / Modification Request <i>(check one of the criteria below and explain how the requirement in question meets that criteria)</i>
		<input type="checkbox"/> Is duplicative of requirements applicable to Medicare managed care organizations. <input type="checkbox"/> Conflicts with requirements applicable to

		<p>Medicare managed care organizations.</p> <p><input type="checkbox"/> Waiver is necessary to improve coordination of benefits offered under the proposed exclusive card program and benefits under the Medicare managed care program.</p>
--	--	---

2. Will something waived for one MCO also be waived for all other MCOs automatically (that is, once CMS establishes that a provision is "waivable" by awarding a waiver to one organization -- does that decision apply uniformly across-the-board to all other MCOs?)
 - A. The waivers or modifications of requirements that are included in our regulations will apply to all Medicare managed care organizations wishing to apply for endorsement of an exclusive card sponsor. This includes waivers or modifications of the following requirements: (1) pharmacy access; (2) service area; (3) covered lives; and (4) beneficiaries' use of transitional assistance only for covered discount card drugs obtained through the endorsed card program. However, the proposed waivers and modifications in the solicitation -- as well as any additional waivers or modifications of requirements that Medicare managed care organizations may apply for as part of their application package -- will not necessarily apply across the board. Because our regulations at section 403.814(b)(3)(v) permit us to approve waivers of additional requirements as appropriate on a case-by-case basis only, we will approve a waiver or modification of endorsement requirements if an applicant: (1) applies for waiver or modification of said requirements; and (2) meets the necessary requirements for a waiver or modification of said endorsement requirements (e.g., does not currently obtain manufacturer rebates as a condition of approval for a manufacturer rebates waiver). If two similarly situated Medicare managed care organizations make the same waiver or modification request, we will treat the two applicants the same and similarly approve or deny the request for both.

3. Would a Medicare managed care organization that contracts with an entity that offers an endorsed card program to provide that endorsed card to its Medicare managed care plan members be able to apply any of the exclusive card program special rules and waivers (e.g., group enrollment, application of transitional assistance to covered discount card drugs provided under the plan's drug benefit, limitation of enrollment to a Medicare managed care plan's enrollees)?
 - A. No. Since the Medicare managed care organization would not be the endorsed card sponsor in this scenario, none of the exclusive card program special rules and waivers would be applicable. However, a Medicare

managed care organization that contracts with an existing endorsed card sponsor to provide its members with an endorsed discount card may subsidize, through the ACR process, any enrollment fee that the endorsed card sponsor would otherwise charge.

4. As a Medicare managed care organization we intend to apply as an exclusive card sponsor. We currently manage pharmacy benefits for roughly 400,000 members and have had discussions with the NYS Pharmacy Society to consider administering a program for all participating pharmacies in New York State. We understand that this would require us to also submit a General Solicitation Application, but are uncertain if we would meet the criteria since we do not currently manage >1 million Rx lives. Could you please advise whether we would qualify, or if there are waivers/exception options available? We believe that a NYS Pharmacy Society sponsored Drug Card offering would be beneficial to Medicare beneficiaries as these pharmacies will engage in stronger discounts and greater support to the Drug Card program.
 - A. Your organization can request waiver of the 1 million covered lives requirement if you are applying to offer an exclusive card program. However, if you are if you apply to offer a non-exclusive card, the 1 million lives requirement will not be waived (even though your organization is a Medicare managed care organization). However, your organization can subcontract with another entity to meet the 1 million covered lives requirement.
5. When will the price comparison requirements be waived for exclusive sponsors? Are MCOs waived re: public reporting on Price Comparison website?
 - A. Price comparison requirements will be waived if you make the request for the reasons stated in the solicitation. Information about M+C plans that offer Medicare-endorsed discount cards will also be incorporated into the Medicare Personal Plan Finder database on www.medicare.gov.
6. The solicitation requires that sponsors offer a discount on generic drugs. If an M+C offers a generic-only drug benefit and wants to offer its members a drug discount card, how will the solicitation requirement regarding generic drugs apply?
 - A. A Medicare managed care plan must offer discounts on at least one drug in each therapeutic category representing the drugs commonly needed by Medicare beneficiaries (listed in Table 2 of the interim final rule and Attachment 2 of the general solicitation), including one generic drug in at least 55 percent of these categories. It is not possible to meet these requirements by offering a generic-only formulary. A waiver of the formulary requirements is possible, as explained in pages 15-16 of the managed care solicitation, for exclusive card sponsors with more limited formularies. However, we would not approve a generic-only discount card formulary for exclusive card sponsors that request a formulary waiver.
7. Our M+C formulary includes benzodiazepines (valium) which is listed as an excluded or non- covered drug. Please clarify if we can request a waiver to include an

excluded drug in our approved formulary. If yes, how would this work with TA? If we get a waiver to include an excluded drug, would the drug then be covered by TA?

- A. Medicare managed care organizations that wish to offer drugs that are statutorily excluded from the definition of “covered discount card drug” as part of their exclusive card program formularies may apply for a waiver of the definition of a covered discount card drug on the grounds that waiving such a requirement promotes coordination between the Medicare managed care plan and its exclusive card program. However, enrollees of exclusive card programs may not use any transitional assistance to which they are entitled to purchase any such drugs, even if a waiver has been approved to allow their inclusion in an exclusive card sponsor’s formulary for the purpose of providing discounts.
8. If a MCO currently obtains rebates from drug companies, and chooses to become a MCO endorsed discount card provider, are the rebates and discounts negotiated required to be passed through to the beneficiary at the pharmacy point of sale. Can MCO rebates be waived from this requirement?
 - A. If the Medicare managed care organization currently obtains rebates from drug manufacturers, the requirement that manufacturer rebates and discounts be passed through to the beneficiary at the point of sale will not be waived.
 9. Will exclusive card sponsors qualify for a waiver of the required 209 categories of therapeutic drugs to coordinate with the formulary used for their existing drug benefit, even if it is more restrictive than outlined in the regulation?
 - A. We will consider a waiver of the formulary requirements for applicants with a more restrictive formulary than is required under 42 CFR 403.806(d) on a case-by-case basis. Whether we will grant the waiver will depend on how much more restrictive the applicant’s formulary is relative to our formulary requirements under 42 CFR 402.806(d). The more restrictive the applicant’s formulary, the less likely we are to grant the applicant’s waiver request.
 10. We are a Medicare Part C MCO that currently enrolls M+C members and offers a prescription benefit. Our 2004 benefit will be for unlimited generic drugs and NO brand drug coverage. Can we formulate a discount drug program to apply towards brand name drugs only as we already have a covered generic drug benefit?
 - A. We assume you intend to apply as an exclusive card sponsor. Exclusive card sponsors are required to meet the formulary requirements in the general solicitation, which require the inclusion of one drug in each of the defined therapeutic categories (55% of which must be generic drugs). This requirement may be waived provided an applicant is applying to be an exclusive card sponsor, and requests, in writing and as specified in the managed care solicitation, a waiver of the formulary requirements. Given the unlimited coverage of generics under your Medicare managed care plan's drug benefit, we would consider approving a brand-name only formulary for your proposed exclusive card program's formulary.

Marketing, Information and Outreach

1. **03/25/04** Are Exclusive card sponsors required to include the model EOC Drug Card Language in their 4/1 mailing?
 - A. Exclusive Card Sponsors are not required to include the model drug card language in the EOC. Exclusive card sponsors are not permitted to use the model language until 4/1.
2. **03/25/04** Given the time frame for mailing EOCs if Exclusive card sponsors include the model drug card language will CMS provide any flexibility in the 4/1 mailing.
 - A. If an Exclusive card sponsor has a large volume of EOCs to mail and normally it would have started mailing prior to 4/1 to ensure that EOCs were mailed by 4/1, CMS will allow some adjustment to the 4/1 deadline to assure that no members receive the Medicare-Approved language prior to the 4/1 marketing date. In these cases, the MCO may begin mailing EOCs in the last week of March and continue mailing EOCs after 4/1 until all EOCs have been mailed to all members. The MCO must notify its RO that it is adjusting its mailing schedule accordingly.
3. **03/25/04** Can Exclusive Card Sponsors include the information required in the member handbook in the EOC.
 - A. Exclusive card sponsors may include the information required in the member handbook in the EOC. If this information is provided in the EOC, it is not required to mail the member handbook.
4. **03/25/04** Can General card sponsors that are Managed Care organizations use the model EOC drug card language.
 - A. Managed Care organizations that are non-exclusive and considered a General card sponsor may not use the model EOC drug card language.
5. **04/29/04** Is there a model letter we can use to inform our members of the discount drug program?
 - A. Yes. Below is a model letter that may be forwarded to your plan members. You should have sent this letter to your members no later than April 26th.

If the attached model letter is used without any changes send a copy of your final letter to the Regional Office Plan Manager for a retrospective review. If you have already sent a notification letter to your members please verify that all information included in the model letter was communicated to your members.

Contact your Regional Plan Manager if you have any questions.

MEDICARE-APPROVED DISCOUNT DRUG CARD
MODEL DOCUMENT

[Date]

Dear [insert name]

Beginning [Date] [insert name of specific Medicare managed care plan (M+C plan or Medicare cost plan)] will offer a Medicare-approved discount drug card (a program that will provide you with discounts on prescription drugs). You recently received information from Medicare about this discount card program; [insert specific name of Medicare managed care plan, M+C plan or Medicare cost plan] will be offering this program to individuals enrolled in [insert name of specific Medicare managed care plan (M+C plan or Medicare cost plan)].

The Medicare-approved discount drug card will allow you to get discounts on certain drugs at retail pharmacies included in our pharmacy directory.

In addition to the discount card, you may also qualify for a credit of up to \$600 per year from Medicare to be used toward the cost of your prescription drugs obtained from our network pharmacies. While all members of [insert name of specific Medicare managed care plan (M+C plan or Medicare cost plan)] will be able to get the discount card, only those members with income below a certain amount will be eligible to receive the credit of up to \$600.

Please note: If you qualify for the \$600 credit, you will not be required to use this credit before using your regular prescription coverage under our plan. You can choose when to use the \$600 credit.

Will the discount card affect my current coverage?

The discount card will not affect your current coverage; it will provide additional discounts on certain prescription drugs when purchased at retail pharmacies included in our pharmacy directory.

How do I get the discount card?

As a member of [insert name of specific Medicare managed care plan (M+C plan or Medicare cost plan)], you will automatically be enrolled in the discount card unless you decide you do not want to enroll.

What if I do NOT want to enroll in the discount card?

If you do not want to be in the discount drug card program, you must call our Customer Service Department [insert days and hours] at 1-xxx-xxx-xxxx (TTY users should call 1-xxx-xxx-xxxx) to tell us you do not want to be in discount drug card program. You must tell us you do not want to be in our [*insert name of specific Medicare managed care plan (M+C plan or Medicare cost plan)*] discount drug program by [*Date*].

Please note you will not be eligible to enroll in a Medicare Approved discount drug card program from another company if you decide not to participate in [*insert name of specific Medicare managed care plan (M+CO or Medicare cost plan)*] discount drug card program name].

What will it cost?

If you choose to participate in the [*insert name of specific Medicare managed care plan (M+C plan or Medicare cost plan)*], you will be charged an annual enrollment fee of [insert cost \$].

If you qualify (because of your income) for the credit of up to \$600 to help pay for your prescription drugs, Medicare will pay the [*insert cost \$*] annual enrollment fee for you. For more information call our Customer Service Department at 1-xxx-xxx-xxxx (TTY users should call 1-xxx-xxx-xxxx).

Where may I get more information?

You will find important information about our Drug Discount Card on our website at [*insert website, if available*], or by calling our toll-free customer service telephone number: 1-xxx-xxx-xxxx; TTY (hearing impaired) users should call 1-xxx-xxx-xxxx. The Customer Service Department is available [*insert days and hours*].

If you have general questions about the Medicare-approved drug discount card program that our Customer Service Department cannot answer, you should call 1-800-Medicare (1-800-633-4227). (TTY users should call 1-877-486-2048).

We look forward to serving you now and in the future.

Sincerely,

Transitional Assistance

1. If a beneficiary is enrolled in a non-exclusive card, will any unused transitional assistance follow the beneficiary into an exclusive card if the beneficiary joins a plan offering an exclusive card? How is this tracked?

- A. Yes, the transitional assistance will roll over anytime a beneficiary changes cards during the annual enrollment period or a special enrollment period. The MCO offering the exclusive card in this scenario would be aware of the beneficiary's new enrollment in the plan and would be expected to provide to the beneficiary information about the exclusive card and how to enroll. At the time the beneficiary enrolls, the remaining balance on the card (which is provided to the enrollment system by the present sponsor at the time of disenrollment) would be rolled over to the exclusive card.
2. Will MCOs be required to offer the members the option to utilize their TA for RX copays when they use their regular plan RX benefit or can the plan set it up to be done automatically? The plan preference is to set it up automatically versus asking the member since this is a benefit set up issue with the RX claim adjudicator.
- A. An exclusive card sponsor may automatically apply transitional assistance to any deductible, coinsurance, or copays applicable to covered discount card drugs offered under any prescription drug benefit it offers as part of its Medicare managed care plan. An exclusive card sponsor may not, however, require beneficiaries to use transitional assistance to pay, in full, for a covered discount card drug that would have otherwise been covered under the Medicare managed care plan's prescription drug benefit.
3. For a transitional assistance member are they required to use copayments paid under the cap benefit towards the \$600 transitional assistance benefit? We know they are allowed to use the expenses. How is the \$600 subsidy to low income beneficiaries used in MCO M+C plans? Can the \$600 be the first dollar used for copays or coinsurance under the benefit design that may include caps? Is there a requirement for sequence of use of the \$600 as prescriptions are filled? Is the \$600 to be automatically decremented with each prescription fill?
- A. A beneficiary enrolled in both a Medicare managed care plan and exclusive card program (and eligible to receive transitional assistance) may, at the option of the exclusive card sponsor, use his or her transitional assistance toward the copay for a covered discount card drug offered under the Medicare managed care plan's drug benefit, instead of just for discounted covered discount card drugs obtained under the endorsed card program. Transitional assistance may be used as the first dollar for copays, coinsurance, or deductibles for covered discount card drugs obtained under any drug benefit the Medicare managed care plan may offer, and it may be used after the drug benefit has been exhausted. This may make sense in the interest of providing more seamless drug coverage to Medicare managed care enrollees. However, a Medicare managed care organization may not require transitional assistance enrollees to exhaust their transitional assistance prior to obtaining covered discount card drugs under its drug benefit because any such requirement would violate uniformity of benefits rules under 42 CFR 422.100(d)(2) and section 1876(g)(2) of the Social Security Act. Remaining transitional assistance will be adjusted downward as each prescription drug claim is processed.

4. If an MCO is not the card sponsor, but is affiliated with a PBM that is a sponsor, does the uniformity of benefits waiver still apply, which allows the application of the \$600 transitional assistance toward copays and deductibles under the MCO's health plan's drug benefit?

- A. Only exclusive sponsors are permitted to apply the TA toward any cost-sharing under the plan's drug benefit. So if the PBM (and not the MCO) is the sponsor, TA cannot be applied toward cost-sharing under the plan's drug benefit.

The uniformity of benefits waiver applies to all MCOs, not just exclusive sponsors.

5. **3/25/04** Benes who are dually eligible at the time of application for the drug are not eligible for the drug card or the TA on the drug card. However, if a beneficiary becomes eligible for TA after they qualify for the TA, how will the subsidy be coordinated with the Medicaid drug benefit?

- A: Medicaid would be the payer of last resort. Thus, in the eyes of the Medicaid program, transitional assistance is a resource available to the beneficiary that must be used to cover the discounted cost of the drugs until exhausted. Once exhausted, Medicaid will generally provide coverage for the discounted cost of the drug (1) up to the Medicaid approved amount and (2) if the pharmacist is a Medicaid participating provider. It is also important to note that a Medicaid recipient can only be held liable for nominal cost sharing that may be imposed by a state under its Medicaid program. As such, Medicaid will pay the mandatory cost sharing required of benes with transitional assistance. CMS is working with states on data needs to assist them in determining whether an individual has unexpended TA.

6. **6/3/04** Can the \$600 transitional assistance subsidy be deducted from income as an incurred medical expense when determining someone's eligibility under Medicaid spenddown?

- A. No. Under Medicaid spenddown, medical expenses are deducted from income when the person him or herself pays for or incurs an obligation to pay the expense. The \$600 is a subsidy which pays for the drugs, not an obligation that the person incurs. Therefore, the \$600 cannot be considered an incurred medical expense under Medicaid program spenddown.

Other Requirements

1. Will CMS be waiving the two card requirement for M+C plans?

- A. A Medicare managed card plan offering both a drug benefit and an exclusive Medicare-approved drug discount program will have two options regarding the use of I.D. cards. Under the first option, an exclusive card sponsor may provide enrollees with a single card for their drug benefit and endorsed discount card program, provided that the Medicare endorsement seal does not appear on the card. Alternatively, an exclusive card sponsor may have a separate card for its exclusive card program only, in which case the Medicare endorsement seal must appear on the endorsed program card.
2. Is the discount is off our regular fee-for-service price?
- A. We do not know what constitutes your fee-for-service price is or the source of the discount to which you refer, so we cannot directly answer your question. We refer you to the discussion in the interim final rule about pricing in section II.C.4. Sponsors are required to provide card enrollees access to negotiated prices on covered discount card drugs. Negotiated prices take into account negotiated price concessions (such as discounts, direct or indirect subsidies, rebates, and direct or indirect remunerations from pharmaceutical manufacturers and pharmacies) for covered discount card drugs,, and includes any dispensing fees for such drugs. of what is a negotiated price.
- Section 403.806(d)(6) of the drug card regulation states that an endorsed sponsor must obtain rebates, discounts, or other price concessions from manufacturers on covered discount card drugs and pass a share of such concessions to enrollees through negotiated prices. As presented in Section 2.10 of the managed care drug card solicitation, an exclusive card sponsor may request a waiver or modification of the requirement to obtain manufacturer rebates provided the sponsor demonstrates that this requirement is in conflict with, duplicative of the requirements applicable to Medicare managed care organizations, or interferes with the coordination of benefits. As the negotiated price definition in the interim final rule infers, there are other sources of discounts and price concessions that a sponsor can negotiate and apply to lower the price of drugs for the beneficiary. Section 3.2.2 of the managed care drug card solicitation requires that the sponsor describe the rebates, discounts and/or price concessions and indicate the amounts passed through directly at the point of sale. If you provide the required information under this section, satisfying the stated requirements, and that information also happens to represent a "discount off your regular fee-for service rate" then such a discount would be acceptable.
3. Do exclusive card sponsors have to apply the 5%/10% coinsurance requirements after the annual maximum for their drug benefit has been exhausted?
- A: The coinsurance requirement applies only when the card enrollee with transitional assistance obtains a covered discount card drug under an endorsed card program. Therefore, if an exclusive sponsor elects to apply transitional assistance toward any cost-sharing for covered discount card drugs obtained under a Medicare managed care plan drug benefit, the transitional assistance

may apply to the entire cost-sharing amount, regardless of whether the beneficiary has exhausted his or her drug benefit under the plan. For example, if under an M+C plan an enrollee with transitional assistance has a 20% co-pay for covered discount card drugs and the plan has elected to apply transitional assistance toward such cost-sharing, transitional assistance may be applied toward the entire 20% co-pay, leaving the beneficiary with no out-of-pocket obligation. In contrast, if a transitional assistance individual obtains a covered discount card drug under the endorsed drug discount card program, the coinsurance rule applies and the individual is responsible for either 5% or 10% of the cost of the drug (depending on his or her income), assuming there are sufficient transitional assistance funds remaining to cover 90% or 95% of the charge for the drug. However, we note that the pharmacy may waive the coinsurance to the extent permitted by law, or a State may arrange with the pharmacy to pay some or all of the coinsurance amount.

4. **04/29/04** If an Exclusive Card Sponsor has an open formulary will it be required to provide a drug list?

A: Exclusive Card Sponsors that have an open formulary will not be required to disclose a list since all drugs will be covered. However they must be able to provide beneficiaries with information regarding a specific drug if it is requested.

5. **04/29/04** May a Medicare Advantage (MA) organization that is not offering an exclusive drug card enter into an agreement with a Medicare-approved general card sponsors under which the MA organization pays all or part of the general card sponsor's enrollment fee on behalf of its MA plan enrollees?

A. A Medicare Advantage organization may make agreements with a general card sponsor to pay all or part of the card sponsor's enrollment fee on behalf of the MA organization's plan enrollees, as long as such payment or "subsidy" is included in the MA plan's adjusted community rate proposal, per 42 CFR 423.814(a)(2). These agreements are permissible as long as the MA payment is made directly to the general card sponsor. Direct reimbursement of expenses to Medicare beneficiaries is not permissible. Also, the agreement must not involve general card sponsors paying consideration to the MA organization based on the number of its plan members who enroll in the general sponsor's card.

Miscellaneous

1. If a Medicare Advantage plan has both an exclusive program for its members and a non-exclusive program for non-members in the state, can they co-mingle marketing materials-that is provide marketing materials for both programs to prospects at the same time?
 - A. If a Medicare managed care organization offers an exclusive card program to members of one of its plans, the plan members may not enroll in any other card program, including a non-exclusive card program offered by the Medicare managed care organization. In addition, individuals not enrolled in the Medicare managed care plan(s) offering the exclusive card program may not enroll in the exclusive card program. Therefore, it is not clear to us why a Medicare managed care program would wish to commingle marketing materials for its exclusive and non-exclusive programs, with the possible exception of information contained in mass media forums such as television or the organization's web site. However, our rules do not prohibit a Medicare managed care organization from commingling marketing materials for its exclusive and non-exclusive programs; obviously if this could be confusing to beneficiaries for whom only the exclusive card program is available, the Medicare managed care organization should take this under consideration in determining whether to commingle such materials. When acting as a card sponsor, these materials should not include any marketing of non-endorsed features.
2. Does CMS intend to conduct any audits of the discount card program as part of their regular biennial audits conducted by Regional Office staff?
 - A. CMS continues to develop the endorsed sponsor oversight program. While CMS will clearly be involved in managing this process, we envision a prominent role for data and contractors, including Medicare program safeguard contractors, in the oversight of the discount drug program. There may be opportunities for combination of Medicare managed care and drug card on-site oversight activities which could reduce duplication of effort in some areas (e.g., reviewing grievances).
3. The interim rule referenced other exceptions to the Uniform Premium Rule, but were not listed. Can CMS provide Plans with this information?
 - A. Non-uniformity resulting from implementation of the Medicare Drug Discount Card Program will not be taken into account in applying the uniform premium and uniform benefits requirements in section 1854(c) and 1854(f)(1)(D) of the Act. The interim rule discusses the most likely scenarios involving non-uniformity that fall under this exception. However, we recognize that Medicare managed care organizations may structure their endorsed drug discount card programs or related benefits under their Medicare managed card plans or in a manner resulting in other types of non-uniformity. Applicants concerned about whether any non-uniformity resulting from their

approach to implementation of their endorsed drug discount card programs should submit questions to CMS specifically describing their scenarios.

4. How many Medicare+Choice members are in the 7.3 million estimated members?
 - A. There are 7.3 million beneficiaries estimated to enroll in the drug card in 2004, with an estimated 4.7 million qualifying for transitional assistance and an estimated 2.6 million qualifying for the discount card only. Of the estimated 4.7 million transitional assistance enrollees, about 1.2 million are estimated to be in M+C. Of the estimated 2.6 million discount card only enrollees, the vast majority are assumed to be in Medicare fee-for-service. The major reason why the vast majority of the 2.6 million are assumed to be in traditional Medicare is that enrollment in the drug discount card only component is assumed to occur predominantly among beneficiaries without drug coverage, and many beneficiaries in M+C have drug coverage.
5. CMS will be providing information to beneficiaries re: what discount cards are available in their area. Will these include M+C plans that have exclusive cards? That is, that beneficiaries can also get access to discount card by joining these M+C plans.
 - A. Information about M+C plans that offer Medicare-endorsed discount cards will be incorporated into the Medicare Personal Plan Finder database on www.medicare.gov. If a waiver is granted, M+C discount cards will not be included in the Price Comparison website nor will any pricing information be reported by CMS for the M+C discount drug card programs.

The Prescription Drug and Other Assistance Programs (PDAP) section of www.medicare.gov will provide beneficiaries with information about what M+C plans have discount drug cards. A link will be provided to the Medicare Personal Plan Finder section of www.medicare.gov, which provides beneficiaries with detailed information about M+C plans that are offered in their area. This approach will provide an opportunity for a beneficiary to consider all aspects of M+C plan benefit, including information about the drug card offering, when making decision to join the plan.
6. Health plans must have signed applications for all members seeking transitional assistance. Due to storage limitations, we image copies of all applications and file the hard copies in offsite storage. In the event of an audit, would the electronic image be acceptable or would the auditors need the actual application?
 - A. Electronic copies of records are acceptable for any audit conducted by CMS, provided State law does not otherwise prohibit the use of electronic copies of records. We cannot speak to whether other government agencies, such as the IRS, would accept electronic copies in the event they conduct an audit.
7. Are there CMS issued cards or are we required to print our own and distribute?
 - A. Endorsed card sponsors are required to print and distribute your own cards in accordance with the information and outreach guidelines for endorsed sponsors.

8. We currently process our claims through ARGUS. What is the claims processing process for Discount members & Transitional Members?
 - A. An approved card sponsor must have its own capacity or contract with a third party administrator to process claims. The arrangements between the network pharmacies and the sponsor (or its claims administrator) are generally up to the sponsor, provided certain requirements are met such as: the transitional assistance claims must meet any applicable HIPAA payment transaction standards, the sponsor may draw down reimbursement from The Department of Health and Human Services Payment Management System on a daily basis for transitional assistance paid out on finalized claims only, and the sponsor complies with reporting necessary for the federal government to appropriately manage the federal transitional assistance funds. A brief discussion of how the payment system will work can be found in the managed care solicitation under Section 1, Transitional Assistance Administration.