

# ADAPs and Medicare Part D

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## Why are we having this webinar

- We will demonstrate the financial benefits of participating in the electronic coordination process defined under Part D.
  - When Part D makes claims adjustments, the ADAPs can be reimbursed
- We will explain the impact to the beneficiaries if the ADAP does not participate in the electronic coordination of benefits process.
  - Potentially, the beneficiaries can be delayed in reaching the catastrophic benefit phase of the Part D benefit design. This can cause higher cost-sharing to the beneficiary.



## Objectives

- Upon completion of this webinar participants will be able to:
  - Articulate why providing supplemental claim payments to the Transaction Facilitator is important to the ADAP and their beneficiaries
  - Explain how Part D Claims are processed
  - Understand the steps necessary to perform electronic coordination of benefits
  - Identify what method your ADAP will be using or is using in order to transmit their supplemental payments to the Transaction Facilitator (batch or real time through an online processor)
  - Describe the reasons why claims paid by the ADAP might not be transmitted to the Part D Plan
  - Describe how to provide ADAP unique BIN-PCN and financial contact information



## Part D Acronyms/Definitions

- COB - Coordination of Benefits- Activities that result when multiple payers exist for claims to ensure the appropriate costs are paid by the responsible payer.
- N transactions - Information Reporting transactions (Transaction Code of “N”) that contain information regarding a paid supplemental claim. These transactions are sent to the Part D plan of record for a beneficiary.
- NPI- National Provider Identifier
- OHI - Other Health Insurance (other insurance that can be primary or supplemental to Part D).
- “Other TrOOP” - payments paid by a supplemental payer that count toward the beneficiary’s TrOOP (e.g., a qualified SPAP, ADAPs, some charities).
- PLRO - Patient Liability Reduction Due to Other Payer Amount- the amount by which patient liability is reduced due to payment by other payers that are not TrOOP eligible.



## Part D Acronyms/Definitions, cont.

- Processor- an entity that does the physical transaction processing (inbound and outbound) of pharmacy claims.
- Qualified status - the status assigned to supplemental payers where their payments are considered TrOOP eligible.
- Switch- an entity that routes pharmacy claims to plans. Relationship is usually between the pharmacy and switch.
- Transaction Facilitator - the entity (RelayHealth) that assists in translating and forwarding paid supplemental claims to the Part D plan (formerly TrOOP Facilitator).
- TrOOP – True Out-of-Pocket costs paid by a beneficiary or others on the beneficiary’s behalf that accumulate towards the annual out-of-pocket threshold.
- 4RX- Minimum dataset of information to route a pharmacy claim electronically



# Medicare Part D



## What is Medicare Part D?

- Medicare Prescription Drug Benefit
- Enrollment is voluntary, but to be eligible for Part D an individual must be entitled to benefits under Part A or enrolled in Part B (42 CFR 423.4)
- Types of Part D Plans
  - Stand alone Prescription Drug Plans (PDP)
  - Medicare Advantage Prescription Drug Plans (MA-PD)
  - PACE organizations offering qualified prescription drug coverage
  - Medicare cost plans offering prescription drug coverage



## Part D Plan Benefits

- In 2012, there are 1041 Medicare Part D Plans
  - 541 plans offering defined standard prescription drug coverage
  - 500 plans offering enhanced alternative coverage



# Defined Standard Benefit

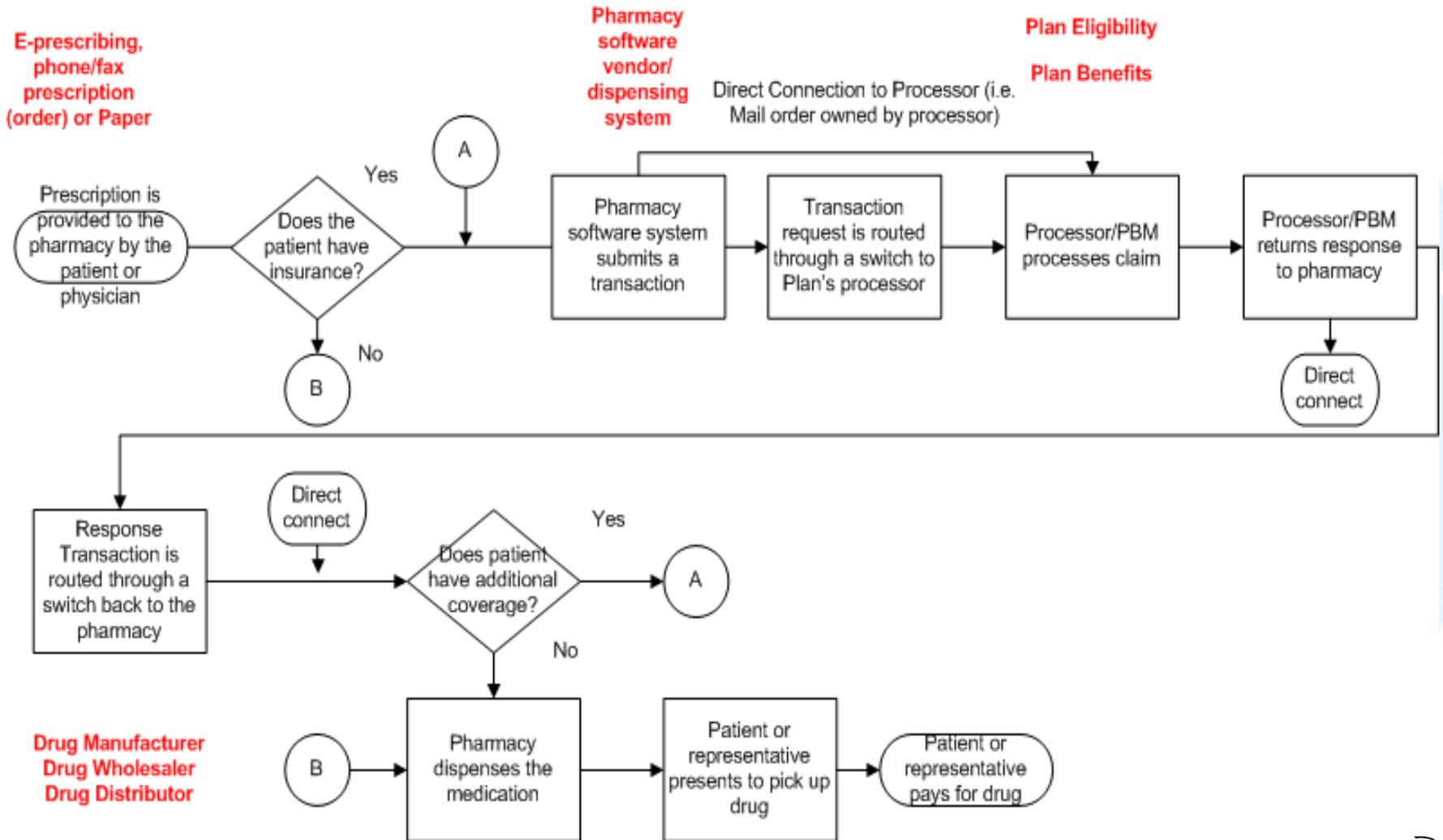
- Benefit phases
  - Annual Deductible - 100% Coinsurance
  - Initial Coverage Period - 25% coinsurance
  - Coverage Gap (copays are approximately 50% for Brands and 86% for Generics up to \$4700 max out-of-pocket to annual out-of-pocket threshold)
  - Catastrophic phase – Greater of \$2.60/\$6.50 or 5%
  
- Importance of gross covered drug costs and TrOOP
  - Gross covered drug costs are used to move the beneficiary through the benefit
  - beneficiary's TrOOP determines when the annual out-of-pocket threshold limit is met (when they get to catastrophic)

## **Your ADAP beneficiary has Part D Coverage**

What happens (should happen) before the claim comes to your program for payment?



# Claims Processing High Level



# Critical Data Elements for Part D Transactions aka 4Rx

<b>CMS File Field name</b>	<b>NCPDP Name</b>	<b>Description</b>
RxBIN	BIN	Routing number to get the transaction to the Processor/PBM that is handling the transactions
RxPCN	PCN	Processor Control Number. Assigned by the Processor/PBM to lump groups of business together e.g. United, Part D only, etc.
RxGroup	Group	Assigned by the Processor/PBM for greater specificity- i.e. a benefit design or specific employer
RxID	Cardholder ID	Number assigned to the cardholder. For Part D, the cardholder and beneficiary are the same. For commercial multiple beneficiaries could be under the cardholder.



## Two Types of Claim Transactions

- Request- transaction the pharmacy sends to the payer (i.e., what was prescribed/dispensed)
  - Request for coverage (B1)
  - Reversal of an original request (B2)
  - Reversal and a resubmission request for coverage (B3)
  
- Response-transaction the payer sends to the pharmacy (i.e., was it covered and who pays what)



# Request Transaction (from the Pharmacy)

- Beneficiary identifiers
- Insurance plan information (4Rx)
- Pharmacy information (NPI)
- Claim information (prescription number, date of service, drug ID, quantity, days supply)
- Financial information (pharmacy's usual and customary, drug price, dispensing fee, tax)
- Clarifying information (special codes to communicate information, such as diagnosis codes)
- Prescriber information
- How the prescription was transmitted (electronic, phone, paper)
- Additional information as required by the payer (defined on payer sheets)



## Response Transaction (from the Payer)

- Enough information from the request for the pharmacy to match the response to the request (e.g., identifiers and Rx)
- Coverage determination (was the claim rejected)
- Financial amounts (plan paid, beneficiary paid, incentive fees, etc.)
- **Benefit stages and amounts (Part D only)**
- Clarification of who or how the claim paid
- Additional information (i.e. messaging that a prior authorization is required)
- Additional coverage - supplemental payers (Required for Part D only)



# How do you pay for drugs for your ADAP beneficiaries?

- Real-time electronic transactions
- Direct billed from the pharmacy to you
  - Invoice
  - Data file
- Do ADAP pharmacies have an NPI and are they contracted with Part D Plans?



## **Part D Plans must keep track of TrOOP**

Part of tracking TrOOP involves coordination of benefits with other payers



# Part D TrOOP Definition

## True out-of-pocket spending on Part D drugs

These costs determine when a person's catastrophic coverage will begin. The value reflects actual expenses paid by a Medicare beneficiary and qualified plan throughout the year.

Costs that count towards the Medicare Part D drug plan out-of-pocket threshold

- Beneficiary liability (amount the beneficiary actually paid)
- Qualified Supplemental Plan Paid Amounts (Qualified SPAP/all ADAPs)



# CMS Requires Part D Sponsors to Track TrOOP

The Social Security Act, as revised by the MMA, specifies that Medicare Part D plans must coordinate benefits for Part D beneficiaries by performing the following:

1. Enrollment File Sharing
2. Claims Processing and Payment
3. Claims Reconciliation Reports
4. Application of the protection against high out-of-pocket expenditures by tracking true-out-of-pocket expenditures
5. Other processes that CMS determines



## Medicare Part D Plans and ADAPs

- Effective January 1, 2011, The Affordable Care Act, Public Law 111-18 allowed ADAP expenditures for Part D covered drugs to count towards the TrOOP limit of Medicare Part D enrollees.
- This change allows enrollees to move through the coverage gap phase into the catastrophic coverage phase. This allows beneficiaries to receive lower copays.
- Prior to this change, beneficiaries enrolled in both Medicare Part D and ADAP programs may have taken longer to reach the catastrophic phase.
- CMS now requires Medicare Part D plans to coordinate benefits with ADAPs as long as the payer participates in the online coordination of benefits (COB) process.
- ADAPs participating in the electronic coordination of benefits process will experience automatic TrOOP calculations when claims are adjudicated at the pharmacy or point-of-sale because of the use of the TrOOP Facilitation Contractor.



# COB Timeframes (42 CFR 423.466)

- Retroactive adjustments
  - Sponsors are required to make retroactive claims adjustments and issue refunds or recovery notices within 45 days of the sponsor's receipt of complete information
- COB time limit
  - Sponsors are required to coordinate benefits with SPAPs, other entities providing drug coverage, and non-network payers (such as beneficiaries and others paying on the beneficiaries' behalf) for a period not to exceed 36 months from the date of fill for a covered Part D drug



# While CMS requires coordination of benefits, it is only required if certain conditions exist

Part D plans must coordinate benefits if the supplemental payer follows the CMS approved industry defined electronic process

- Supplemental payer must have:
  - Electronic eligibility submitted to CMS; and
  - Electronic transactions that contain supplemental payer payment information (batch is allowed)
  - *AND.....*



## The Claim is for a Part D Drug/Service

A Part D drug is:

1. A drug/service that meets the definition of a Part D Drug;
2. A drug/service that is paid for by the Part D Plan (on the plans formulary, covered under transition or via an appeal/grievance); and
3. **A drug/service that is purchased at a Part D Plan network pharmacy (Out-of-Network only in special circumstances)**

Note:

A claim that is not a Part D Drug does not count towards Drug Spend or TrOOP and therefore coordination of benefits is not required.



# TrOOP Accumulation and Coordination of Benefits Process

- Once a beneficiary's TrOOP limit is reached, the beneficiary enters the catastrophic coverage phase of the Medicare Part D benefit. This allows the beneficiary to receive reduced cost-sharing at the pharmacy.
- If claims are received but they do not contain the eligibility information that Part D Plan has on file, the claim will not get applied to TrOOP (reduces TrOOP) and you may be paying more money than you really should be because the beneficiary is not reaching catastrophic as quickly
- If your claim is not received by the Part D plan and the Part D Plan adjusts a claim resulting in a credit, you will not receive the resulting credit. The credit will be paid to the beneficiary



# Financial Impacts of not participating in Electronic COB

When ADAPs complete all of the steps necessary for electronic coordination of benefits, Part D sponsors are required to coordinate benefits with the ADAP.

Specifically, situations such as retroactive changes to eligibility benefit structure, or things such as low-income subsidy status can cause a Part D sponsor to adjust a claim after the beneficiary has received their medication.

ADAPs that choose NOT to participate in the real-time COB process will be responsible for collecting any refunds due to overpayments in cost sharing instead of the Part D sponsor automatically refunding the overpaid amounts to the ADAP.



# Seven Steps to Successful Coordination of Benefits

- 1) Obtain a unique RXBIN/RXPCN combination for TrOOP eligible beneficiaries and re-card your beneficiaries if necessary **(required)**
- 2) Contact CMS to receive Data Sharing agreement (CMS rep on upcoming slide on Step 2) **(required)**
- 3) Receive and sign Data Sharing Agreement **(required)**
- 4) Send and receive electronic eligibility data to CMS through the COB contractor and include unique BIN/PCN on eligibility records. **(required)**
- 5) Consider obtaining the services of an on-line claims processor to process claims electronically at the point-of-sale or if this is not an option, talk with RelayHealth about submitting batch files of ADAP claims on a routine basis. **(one of the two options is required)**
- 6) Lock down Pharmacy edits  
If you are using an online claims processor, require pharmacies to bill your processor using your unique BIN and PCN combination.  
Block claims where Medicare Part D is primary by using the data provided on the CMS response file. **(required)**
- 7) Update and periodically check the accuracy of the NCPDP SPAP/ADAP list of BIN/PCN and financial contact data for our ADAP **(required)**



# Coordination of Benefits

## Step 1:

***Obtain a BIN/PCN combination for TrOOP Eligible beneficiaries and re-card where necessary.***

Note:

These are often referred to as the TrOOP Facilitation BIN and TrOOP Facilitation PCN.



# Why is it necessary to obtain a unique BIN/PCN

**Bank  
Identification  
Number  
(RXBIN)**

**Processor  
Control  
Number  
(RXPCN)**

**Rx Group ID  
(RXGRP)  
\*\*Optional\*\***

**Cardholder ID  
(RXID)**

Four common data elements are used throughout the pharmacy industry to identify a beneficiary and to route a claim.

These are referred to as 4Rx data elements

The unique BIN and PCN help the Transaction Facilitator and Part D sponsors to recognize ADAP dollars as TrOOP eligible

*A Unique  
BIN/PCN  
combination is  
needed for  
your ADAP  
Part D  
beneficiaries*



# Coordination of Benefits

## Step 2:

### **Contact CMS to receive an ADAP Data Sharing agreement**

- Review with internal staff and determine if the requirements within the agreement can be met.
- Communicate with or meet with CMS to discuss any questions pertaining to the agreement.

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# Coordination of Benefits

## Step 3:

### ***Receive and Sign the Data Sharing Agreement***

- The agreement contains two documents – 1) the Data Sharing Agreement and 2) Implementation Questionnaire
  - Three signed copies of the Data Sharing Agreement must be sent to CMS and one signed copy of the Implementation Questionnaire must be send to CMS.
  - The agreement will be signed by CMS and a completed copy of the agreement will be returned to the ADAP.
- Note: Stipulations within the contract require electronic eligibility files to begin after signing the contract.

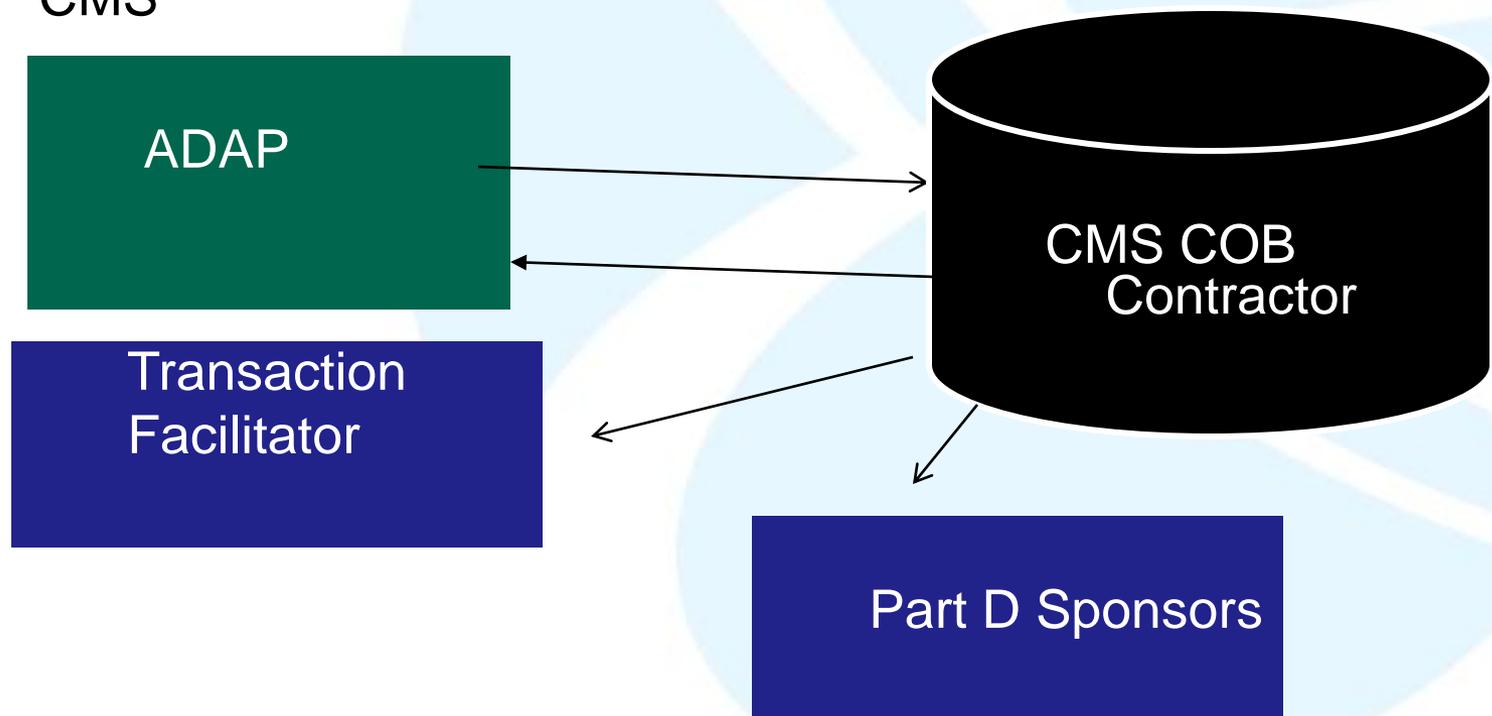


# Coordination of Benefits

## Step 4:

### ***Send Electronic Eligibility Data to CMS***

- Data is exchanged between the ADAP and CMS on a monthly basis.
- The 4Rx data on your cards must be the same as what is sent to CMS



# Coordination of Benefits

## Step 5

- ADAP supplemental claims payments must be routed to the CMS Transaction Facilitator in order for ADAP dollars to count towards TrOOP.
- Two options will allow this to happen:
  - Using an online processor to electronically process claims at the point-of-sale will allow claims to route automatically to the CMS Transaction Facilitator.
  - Sending a batch file to the CMS Transaction Facilitator of your supplemental claims payments and performing the other steps of coordination of benefits will help allow your ADAP dollars to count towards TrOOP.

Note: For information regarding batch files of claims, please contact the transaction facilitator at [troopsupport@relayhealth.com](mailto:troopsupport@relayhealth.com)



# Coordination of Benefits

## Step 6

### ***Lock down pharmacy edits (only applies to real-time)***

- Edit on all of the 4Rx data elements that are on your ID cards:
  - BIN/PCN/Cardholder ID
  - If your program uses an RXGRP, include this in your edits, as well.
- Reject claims where Medicare Part D should be the primary payer for your beneficiaries. This can be done by using the ADAP eligibility response file from the CMS COB Contractor. This file identifies all beneficiaries currently enrolled in a Medicare Part D plan.

### ***Helpful Hint:***

*It has been our experience that when supplemental payers that do not edit on this information at the point-of-sale or only use edits on some of the Rx data elements in their pharmacy edits, the Part D sponsors are not able to calculate TrOOP correctly.*



# Coordination of Benefits

## Step 7

***Update the information for your specific ADAP on the NCPDP SPAP/ADAP BIN/PCN list.***

- Periodically review the information that appears on this listing for your specific ADAP.
- You do not need to be an NCPDP member to update this list. The list is available to the general public.

The list can be found at:

[http://ncpdp.org/resources\\_spap.aspx](http://ncpdp.org/resources_spap.aspx)



## Critical Players in Part D COB

- Part D Transaction Facilitator (formerly Troop Facilitator)- Responsible for transmitting supplemental claims payment to the Part D plan using an industry and CMS defined set of rules
- National Council for Prescription Drug Programs-the organization that sets the standards for transactions used in Part D
- COB Contractor- Currently, Group Health Inc (GHI) an Emblem Company that receives health insurance and prescription insurance information from payers/plans/beneficiaries that offer coverage to Medicare Part D beneficiaries
- Part D plan sponsors – plans approved by the Centers for Medicare and Medicaid to offer Part D Prescription Drug coverage
- Supplemental Payers - Any organization such as State Pharmaceutical Assistance Programs (SPAP), AIDS Drug Assistance Programs (ADAP), Medicaid, TRICARE, Veteran’s Administration (VA), group health plans, Workers’ Compensation, Auto/Life/Liability Insurance, Commercial group health plans, etc.
- Pharmacies





***Thank You for Participating!***

