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

CENTER FOR BENEFICIARY CHOICES

MEMORANDUM

TO: Medicare Dual Eligible Special Needs Plans

FROM: Patricia Smith, Director, Medicare Advantage Group /s/
Cynthia Tudor, Acting Director, Medicare Drug Benefit Group /s/

RE: Supplemental Instructions for the 2006 Summary of Benefits-Section 28, Outpatient Prescription Drug

DATE: October 19, 2005

This memo provides guidance to Special Needs Plans (SNP) on how to complete Section 28, Outpatient Prescription Drugs, of the Summary of Benefits (SB). This guidance supplements both the Medicare Marketing Guidelines and the CY2006 Summary of Benefit Hard Copy Changes for Dual Eligible Enrollees in a Special Needs Plan memo released on June 3, 2005.

While SNPs may make hard copy changes to the cost-sharing amounts in their SB, they may not make preferential changes (plans own changes, as outlined in the Marketing guidelines) to Section 28, Outpatient Prescription Drugs of the SB. This includes removing sentences that are generated from HPMS and are technically accurate (e.g. removing the formulary statement when the plan has a formulary). Below is an outline of how SNPs must format their Section 28, Outpatient Prescription Drugs section of the SB.

1. SNPs must include all sentences that are generated from the PBP that do not directly refer to member cost sharing. For example, the paragraphs beginning "The plan uses a formulary. . ." and "People who have low incomes. . ." and the sentences describing quantity limits and prior authorization must be included.
2. Plans may remove the statement referring to the deductible if the member doesn't have to pay a deductible.
3. Prescription Drug Benefits prior to the Catastrophic Coverage threshold should be described as either:
    a. "You will pay nothing for <drug tier label>drugs."
    b. "You will pay <co-payment range for type of drug> for <drug tier label> drugs, depending on your income level."
4. After describing the prescription drug benefits, include the following statement: "To learn more about what your costs will be, please contact <plan name> for more information."

5. Coverage after the Catastrophic Coverage Threshold of $3,600 should be described as either:
    a. "After your yearly out-of-pocket drug costs reach $3,600, you will pay nothing for your prescription drugs."
    b. "After your yearly out-of-pocket drug costs reach $3,600, you will pay <co-payment range for type of drug> for your prescription drugs, depending on your income level."
6. After describing the catastrophic coverage threshold, include the following statement: "To learn more about what your costs will be, please contact <plan name> for more information."
7. Plans describing their co-payment amounts may not include day supply limits since co-payments as statutorily defined are applied on a per transaction basis, regardless of day supply.
8. The following statement must precede any description of out-of-network benefits: "Covered Part D drugs are available at out-of-network pharmacies in special circumstances, including beneficiary's illness while traveling outside of the Plan's service area and where there is no network pharmacy." In addition, plans must move the sentence and the out-of-network benefits to the end of the Outpatient Prescription Drugs Benefit section.

Special Needs Plans that have already submitted a hard copy change request will receive notification of CMS' approval/disapproval in light of this memo. In our notification, we will also include notification on approval/disapproval of your cost-sharing amounts. If your cost sharing amount has been approved by CMS and you use the changes as directed in this memo, you do not need to resubmit your hard copy change. Otherwise re-submission of hard copy changes will due by Oct 24 and CMS will send the disposition by COB Oct. 26. For questions regarding these instructions and resubmissions, email Shivani Sharma directly at Shivani.Sharma@cms.hhs.gov .