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**DATE:** November 26, 2008

**TO:** Part D Plan Sponsors

**FROM:** Anthony Culotta, Director  
Medicare Enrollment and Appeals Group

**SUBJECT:** Reporting Creditable Coverage Information for Former Plan Members

The purpose of this memorandum is to clarify our previous instructions for reporting information about creditable coverage for former plan members. In our April 11, 2008 memorandum titled, “Updated Guidance on Creditable Coverage Period Determinations and the Late Enrollment Penalty,” we stated that, if a member disenrolls from a plan after coverage is effective, but before the plan has had an opportunity to determine whether the member had a break in creditable coverage (reported as uncovered months), the plan shall continue with the creditable coverage period determination and report the number of uncovered months to CMS. We also advised plans that when CMS’ independent review entity (currently Maximus Federal Services) notifies the plan of a decision that results in any adjustment to or removal of the LEP, the plan must take steps to change the number of uncovered months previously submitted on behalf of the individual.

Since the release of that guidance, several plans have asked how to submit a new number of uncovered months on behalf of former plan members. Some plans have reported that, when attempting to submit a new number of uncovered months for a former plan member or attempting to change a number previously submitted, they receive transaction reply code (TRC) 60 which indicates “Correction Rejected, Not Enrolled in Plan.” To help ensure that plans appropriately submit changes on behalf of former plan members, we have outlined the necessary steps for plans to follow below. In addition, we also describe the steps plans may take to change previously submitted information for their current members.

**Submitting Changes on Behalf of Former Members**

- You can make changes to the number of uncovered months (NUNCMO) for a former plan member for any time period up through the last day of that individual’s enrollment in your plan. You are not able to make changes for any subsequent period following the member’s disenrollment from you plan.
- In order to change the number of uncovered months (NUNCMOs) for a former plan member, you must submit a Plan Change (72) transaction via a batch retroactive file. You must

contact the MMA Help Desk to obtain a ticket number to request the submission of a batch retro file to report these transactions. CMS Central Office staff will review each ticket and contact the requesting plan regarding the request.

- The header date of the retro file must reflect a date that the beneficiary was enrolled in your plan in the month/year format (mm/yyyy).
- The transaction will be accepted with a TRC of “141 Uncovered Months Change Accepted” and “177 Change in Late Enrollment Penalty” if the LEP has changed as a result of the transaction.
- In cases where the former plan member is currently enrolled in another plan, you and the member’s current plan will receive a response on the transaction reply report (TRR) regarding the change to the number of uncovered months. In addition, this change will be reflected in other reports, e.g., the LIS/LEP report.

#### Example 1

Mrs. Smith enrolled in Plan A effective January 1, 2008. She disenrolled from Plan A effective February 28, 2008 and enrolled in Plan B effective March 1, 2008. Plan A completed its creditable coverage period determination on March 10, 2008, and determined that Mrs. Smith had 3 uncovered months, during which she was not enrolled in Part D and did not have other creditable coverage. Plan A must contact the MMA Help Desk to request the submission of a batch retro file that contains a valid Plan Change (72) transaction changing the number of uncovered months from “000” to “003”, setting the creditable coverage flag to “N” and using a header date of “012008” (January 2008) or “022008” (February 2008). Plan A submits the change as directed and receives a TRC 141 showing that the change was accepted and a TRC 171 showing that the LEP has also changed. Plan A then notifies Mrs. Smith that she owes an LEP, in accordance with CMS guidance. Plan B receives the same information on its TRR, and also notifies Mrs. Smith that her plan premium was increased accordingly, as a result of the LEP.

#### **Submitting Changes on Behalf of Current Members for Prior Periods**

- You may submit changes to a member’s number of uncovered months for any time period prior to Part D enrollment, and for any period of current enrollment in your plan, by using the regular batch file process.
- The effective date of the Plan Change (72) transaction may be retroactive but cannot be prior to August 1, 2006. For prospective changes to the number of uncovered months, the effective date on the Plan Change (72) transaction cannot be later than the current payment month plus two months.
- Both you and the prior plan will receive a response on the transaction reply report (TRR) regarding the change to the number of uncovered months. In addition, this change will be reflected in other reports, e.g., the LIS/LEP report.

## Example 2

Mrs. Brown enrolled in Plan C effective January 1, 2008. Plan C determined that Mrs. Brown had five (5) uncovered months during which she was not enrolled in Part D and did not have other creditable coverage and submitted this information to CMS. Plan C notified Mrs. Brown of the LEP, advised her of her right to request a reconsideration, and collected the LEP owed since January 1, 2008, in accordance with CMS guidance. Mrs. Brown requested that Maximus review her LEP, and submitted her request within required timeframes. While her request was pending with Maximus, Mrs. Brown disenrolled from Plan C effective March 31, 2008, and enrolled in Plan D effective April 1, 2008. Maximus later found that Mrs. Brown did have creditable coverage during the 5 months in question, and issued a favorable decision for Mrs. Brown in April 2008.

Both Plan C and Plan D received a copy of Maximus' decision letter. Plan C must use the process described above to submit a batch retro file that contains a Plan Change (72) transaction changing the number of uncovered months from "005" to "000" and the creditable coverage flag from "N" to "Y" and using a header date of "012008" (January 2008), "022008" (February 2008) or "032008" (March 2008). Plan C submits the change as directed, and receives a TRC 141 showing that the change was accepted and a TRC 171 showing that the LEP has also changed. Plan C notifies Mrs. Brown that the LEP was removed effective January 1, 2008, and refunds any LEP collected since that time. Plan D receives the same information on its TRR, and also notifies Mrs. Brown that her plan premium was reduced accordingly as a result of Maximus' decision, and refunds any LEP collected since her enrollment in Plan D was effective on April 1, 2008.

Note that, in this situation, Plan D could also have submitted a Plan Change (72) transaction for the entire period in question – from January 1, 2008 up through the current payment month – through the regular batch file process, with the same results.

As a reminder, plans are required to make changes to the number of uncovered months they had previously reported for former plan members, regardless of whether the change is the result of the plan's completed creditable coverage period determination or a reconsideration decision from Maximus, as shown in the examples above. However, we also encourage plans to report such changes for current members even where the information to be changed was previously reported by a prior plan, particularly where a partially or fully favorable decision from Maximus results in the reduction or removal of the LEP. The current plan may be able to make such a change more quickly through the regular batch file process than the individual's prior plan can using the retroactive approval process described above. In addition, the current plan will benefit from prompt action to decrease or remove the LEP, since its monthly payment from CMS on behalf of that individual will be adjusted accordingly. To help expedite matters in this regard, we require Maximus to send a copy of the reconsideration decision letter to the beneficiary's prior and current plans in situations where the beneficiary has disenrolled from his/her prior plan since submitting the reconsideration request.

## **Points of Contact**

For **policy** questions pertaining to creditable coverage period determinations, please contact Rhonda GreeneBruce via e-mail at [LEP@cms.hhs.gov](mailto:LEP@cms.hhs.gov) or via telephone at (410) 786-7579.

For **technical** questions pertaining to this notification, please contact the MMA Help Desk at 1-800-927-8069 or via e-mail at [mmahelp@cms.hhs.gov](mailto:mmahelp@cms.hhs.gov).