



Center for Medicaid and State Operations

SMDL #03-009

October 7, 2003

Dear State Medicaid Director:

Enactment of a Medicare endorsed prescription drug program will have an impact on the administration of your state's Medicaid program. While Congress continues its progress on this important legislation, it is likely that the prescription drug discount card with a transitional low income assistance program (referred to jointly as "drug card" activities) will become operational in the Spring of 2004. The purpose of this letter is only to alert you to the need for your attention to data-related activities to support the drug card and its related provisions. This letter does not address any non-drug card provisions of the legislation. We also ask you to identify a contact from your state so that we can begin preparations for your state's training and information needs related to the Medicare-endorsed prescription drug discount card and transitional low-income assistance program, and so we can collect your preferred referral information to be provided to our 1-800-MEDICARE operators for those beneficiaries who inquire about state-funded pharmacy assistance programs.

Data Systems Implications

Based on what the bipartisan, bicameral Congressional Conference Committee has shared about its preliminary agreements on the drug card and low-income assistance program, there will likely be data systems process implications for your state. Implementation of the provisions being considered might require that states provide the Centers for Medicare & Medicaid Services (CMS) with potentially four pieces of information on a monthly basis, as follows: 1) the type of dual eligibility status for **all** Medicaid eligibles (including those participating in section 1115 waiver programs) also eligible for Medicare (full dual eligibles, QMB, SLMB, QI-1 and QDWI); 2) whether the dually eligible individual is receiving prescription drug coverage under Medicaid; 3) the dually eligible person's unique Social Security Number (SSN); and 4) that individual's date of birth (DOB) and gender. The DOB, SSN, and gender are required to perform a match with CMS' Medicare systems, which is needed as part of the process to determine whether a Medicare beneficiary who is also eligible for Medicaid is or is not eligible for the prescription drug discount card.

We have explored with members of the Medicaid Systems Technical Advisory Group (S-TAG) several approaches to how states could most efficiently and effectively provide CMS with needed data to identify which dually eligible individuals would and would not be eligible for the prescription drug discount card. From those discussions, it would appear that one approach would be for states to prepare a separate monthly file containing only those dual eligibles (including those participating in section 1115 waiver programs) for whom the state is paying for

prescription drugs and submit it electronically to CMS. CMS would then match that file with the Medicare Beneficiary Database in order to identify the remainder of the duals who would be eligible for the Medicare-endorsed prescription drug discount card (e.g., those duals for whom the state is NOT paying for prescription drugs). As part of this approach, it will be necessary for each state to ensure that it is accurately and completely populating the existing eligibility type code within the Third Party Medicare Premium Billing and Collection System. This will be necessary so that CMS will be able to distinguish the income levels of those dual eligibles who are not receiving full Medicaid (including drugs) in order for any co-insurance amounts to be properly determined. This step would require no new coding; it would be a “quality check” on the existing data.

However, there are other more complex, labor-intensive approaches (for both the states and CMS) that are also possible, and we need to know from each state whether or not the above-mentioned approach is workable for you or if another approach is better for your state. Based on your feedback, we will decide how best to proceed from a systems perspective.

Therefore, in an effort to act quickly when the final legislation is enacted, we ask that you complete the attached form and fax a copy to Mr. Harvey Heyman of my staff at (410) 786-0390 by **October 15.**

Our current estimate based on legislative enactment in Fall 2003 is that we would need to test files from all states in December 2003 and receive live files starting in late January 2004. If there are any states that would be willing to work with CMS on systems testing earlier in anticipation of the legislation being enacted, we would greatly appreciate knowing that as well.

While this letter is not intended to direct the states to make changes now (we will need the final legislation first), we do want to alert you to what we think will be systems and resources challenges immediately after the legislation is passed in order for the states to be ready to implement any provisions establishing the prescription drug discount card by the implementation date specified in the legislation.

Please meet with your staff who are expert in these areas and begin the process of evaluating what data systems readiness activities you may need in order to prepare for a rapid implementation of the Medicare-endorsed prescription drug discount card and its transitional low-income assistance program if it is adopted in the final legislation.

Training, Information and Referral Information

While we anticipate that most eligible Medicare beneficiaries will receive information regarding the prescription drug discount card through Medicare’s toll-free number and Web site, or through the assistance of a State Health Insurance Program counselor, the state will have an opportunity to provide information and a referral to those individuals who are applying for a dual eligible program and may also qualify for the prescription drug discount card. Additionally, states will play a key educational role for those Medicare beneficiaries who may also be eligible for a state-funded pharmacy assistance program. Therefore, we would like each state to identify one representative we can contact in order to begin discussing the training needs for your program managers and case managers, as well as the tools, resources, and information that we can help provide

in order to assist you and beneficiaries. Accordingly, please include this contact information on the bottom of page 2 of the enclosed state response form, or e-mail Gina Clemons at gclemons@cms.hhs.gov with the state contact's name, phone number, address, e-mail, and fax number.

We are working with the National Association of State Medicaid Directors (NASMD) to prepare for the work states will face as the prescription drug discount card is quickly implemented. Feel free to be in touch with Kathy Kotula at NASMD (202-682-0100, kkotula@aphsa.org), or you are welcome to contact Ginni Hain (410-786-6036, ghain@cms.hhs.gov) or Wayne Smith (410-786-2583, wsmith1@cms.hhs.gov) directly to discuss this further.

Thank you for your immediate attention to this new data-related activity and for your identification of a state contact for training and education purposes.

Sincerely,

/s/

Dennis G. Smith
Director

Enclosure

cc:

CMS Regional Administrators

CMS Associate Regional Administrators
for Medicaid and State Operations

Kathy Kotula
Director, Health Policy Unit
American Public Human Services Association

Joy Wilson
Director, Health Committee
National Conference of State Legislatures

Matt Salo
Director of Health Legislation
National Governors Association

Brent Ewig
Senior Director, Access Policy
Association of State and Territorial Health Officials

Jim Frogue
Acting Director, Health and Human Services Task Force
American Legislative Exchange Council

Trudi Matthews
Senior Health Policy Analyst
Council of State Governments

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-0909. The time required to complete this information collection is estimated to average two hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Baltimore, Maryland 21244-1850.

Enclosure

**Medicare-Endorsed Prescription Drug Discount Card and Transitional Low Income Assistance
Program Response Form**

(Please use additional pages if needed)

STATE: _____

From your state's perspective please outline the Pros and Cons for the following approach:

The state would prepare a separate monthly file, unrelated to any other current data exchange with CMS, consisting of **only dual eligibles for whom Medicaid is paying for prescription drugs**. The file would contain CMS-specified identifiers (e.g., SSN, birthdate, gender), and list only those individuals receiving prescription drug coverage under Medicaid. Our assumption in this approach is that the state would draw this file from its pharmacy billing system, NOT the eligibility files. Our further assumption is that this file would be virtually 100 percent accurate because the state knows which duals they accept prescription drug claims for, and which they do not. (Note: CMS would then match this file with the Medicare Beneficiary Database to identify both those eligible and those not eligible for the discount card and low-income subsidy.)

Pros:

Cons:

Further Comments:

If the above approach is not workable for you, what approach would be better? For example, other approaches which we considered, but which are likely more complex and resource intensive, include: (1) use of the “finder file” process described in the January 8, 2002 State Medicaid Director letter, which 29 states currently use with varying degrees of frequency to identify whom their dual eligible beneficiaries are; (2) accurately and completely populating a new “eligibility type” field (using MSIS eligibility type codes) on the Third Party Medicare Premium Billing and Collection data exchange record, which is currently not required; or (3) submitting a separate file (not associated with the Third Party Medicare Premium Billing and Collection System or MSIS) to CMS with all dually eligible Medicaid beneficiaries identified by eligibility type (e.g., QMB+, QMB, SLMB+, SLMB, QI1, QDWI). **Would any of these approaches be better for your state to use?**

Which approach? _____

Pros:

Cons:

Further Comments:

Is there any other approach which would work for you that has not been mentioned? Please describe.

Volunteer for early systems testing?: Yes No

Data Systems Contact

State Lead Data Systems Contact: _____ Tel. Number: (____)____-_____

e-mail address: _____

Certifying State Official's Signature: _____ Date: _____

Title: _____

Training and Education Contact

State Lead Training and Education Contact: _____

Tel. Number: (____)____-_____

Fax Number: (____)____-_____

e-mail address: _____