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**DATE:** June 11, 2020

**TO:** States Pursuing Capitated Models under Financial Alignment Initiative

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**SUBJECT:** Coordinating State Passive Enrollment with Medicare Prescription Drug Plan Reassignment for January 2021

As provided in section 30.2.5.J of the Medicare-Medicaid Plan (MMP) Enrollment Guidance, beneficiaries may only be passively enrolled or reassigned once per calendar year. This memorandum provides additional information on coordinating states' passive enrollment activities with Medicare's annual reassignment process for states implementing demonstrations under the capitated model of the Financial Alignment Initiative (FAI).

### **Background on Medicare's Annual Reassignment**

Each year, CMS reassigns certain low income beneficiaries who were previously automatically enrolled by CMS into a new Medicare prescription drug plan (PDP) to ensure they continue to pay "zero" monthly premium for their prescription drug coverage in the following plan year.

Additionally, CMS reassigns certain low income beneficiaries to a PDP to prevent drug coverage disruptions, i.e., low income beneficiaries enrolled in a terminating Medicare Advantage (MA) plan, Medicare-Medicaid Plan (MMP), or PDP; or an MA plan that is reducing its service area at the end of the year.

The annual reassignment process occurs in mid-October each year, at which time CMS sends a file to states identifying who has been reassigned in their state. At the same time, CMS also notifies beneficiaries of the plan to which they are being reassigned and their other plan options. The effective date of reassignment into a new PDP is the following January 1.

## **For states scheduling passive enrollment into an MMP with a *January 1, 2021* effective date**

States may conduct an annual passive enrollment process for individuals newly eligible or re-eligible for MMP enrollment. This also includes the following groups of individuals who become re-eligible for passive enrollment in the new calendar year:

- Those who were involuntarily disenrolled from an MMP during the current calendar year, e.g., due to short term loss of Medicaid;
- Those who were reassigned by CMS to a PDP effective January of the current calendar year and have not otherwise opted out of passive enrollment; or
- New dually eligible individuals auto-enrolled by CMS to a PDP effective any month in current calendar year.

States scheduling passive enrollment for a January 1, 2021, effective date should follow the steps below to coordinate passive enrollment with reassignment to ensure that passive enrollments take effect over the Medicare reassignments for the same person.

**August** – By August 21, 2020, states interested in having passive enrollment take effect over the Medicare reassignment for a January 1, 2021, effective date should notify the Medicare-Medicaid Coordination Office (MMCO) via email ([MMCOEnrollment@cms.hhs.gov](mailto:MMCOEnrollment@cms.hhs.gov)). Please include the name and contact information of the individual in your state who will have responsibility for receiving the September file (see next item) from CMS.

**September** – In early September, CMS will provide states scheduling passive enrollment for a January 1, 2021, effective date a preliminary list of the beneficiaries identified for reassignment (also targeted to be effective January 1, 2021). The list will provide:

- Beneficiary Medicare Numbers (MBIs);
- Beneficiary Social Security Number;
- Beneficiary first name, last name, middle initial;
- Date of Birth; and
- Gender code.

States must match this list against those beneficiaries they intend to passively enroll for any effective date from January through December 2021. If a beneficiary is going to be reassigned by CMS for a January 1, 2021, effective date, and a state also plans on passive enrollment for that beneficiary into an MMP as of January 1, 2021, the state must include the appropriate passive enrollment transaction in the state's CMS file submission for MMP passive enrollment in October 2020. Additional details on the October 2020 submission timeframe are discussed below.

If a beneficiary is going to be reassigned by CMS for coverage beginning on January 1, 2021, and a state schedules a passive enrollment for that beneficiary into an MMP effective for a month after January 1, 2021, the state must wait to passively enroll the beneficiary until Calendar Year 2022 (states may also move up the effective date to January 1, 2021).

For example: A beneficiary who is reassigned by CMS effective January 1, and gains eligibility to be passively enrolled into an MMP effective February 1, the state must delay passive enrollment of the beneficiary until January 2022 at the earliest. Passive enrollment transactions

submitted in coordination with Medicare’s annual reassignment can only contain Medicare beneficiaries who, at the time the transaction is submitted, meet the criteria of the given state’s demonstration for January 1, 2021.

Once a state receives the preliminary list of beneficiaries identified for reassignment and identifies the beneficiaries to be passively enrolled by applying the requirements above, the state can begin working with CMS Enrollment Vendor, to prepare its enrollment submissions to CMS. Transactions may only be submitted during the October submission window (discussed below).

**October** – States must submit all January 1, 2021, passive enrollment transactions (via the CMS Enrollment Vendor) to CMS no earlier than Thursday, October 1, 2020, at 6 a.m. Eastern Daylight Time (EDT) and no later than Friday, October 9, 2020, at 5 p.m. (EDT). States are strongly encouraged to ensure that all January 1, 2021, passive enrollment transactions are submitted early in this submission window. Doing so will allow time for the states to work with the CMS Enrollment Vendor to re-submit corrected records, when appropriate, should any transactions reject or fail. Please note that corrections may not include changes to the required data elements for passive enrollment, such as the application date value (discussed below). All submissions must be successfully received by CMS systems before 5 p.m. (EDT) on Friday October 9, 2020.

States must ensure that all passive enrollment transactions are accurately populated with the required data elements for passive enrollment. In particular, the application date on each of the passive enrollment transactions to take effect January 1, 2021, must be the date of the transaction submission to the CMS Enrollment Vendor, and the enrollment source code value must be set to “J.” Applying these data elements will allow subsequent beneficiary elections to be respected. CMS may reject or cancel passive enrollment transactions that fail to adhere to all of the required data elements.

Mid to late October, States will be able to see those individuals who are confirmed as having been reassigned effective January 1, 2021, via the Auto Assignment Address Notification File (aka, PDP Notification File). States may refer to the Plan Communication User Guide (PCUG) Section 4.4.4 for more information on the file format. The state must not schedule passive enrollment for anyone on this file until an effective date of January 1, 2022.

In November, CMS will conduct a second reassignment to capture passively enrolled individuals who were otherwise scheduled for LIS reassignment and cancelled their passive enrollment. These individuals will be reassigned into a new PDP by CMS for coverage beginning on January 1, 2021. In early December, CMS will send states an updated list of individuals who are confirmed reassigned effective January 1, 2021, to a PDP.

**For states that conduct passive enrollment for *effective dates after January 1, 2021 (non-January effective dates)***

As noted above, states must exclude beneficiaries from passive enrollment who have been reassigned to a Medicare PDP effective January 1, 2021. Each year, CMS completes the annual reassignment process around mid-October and routinely shares with states a file of all beneficiaries who received the blue reassignment letter in their state to facilitate any inquiries the state might receive from beneficiaries. CMS is tentatively scheduled to send this file through its normal process to states in late October and an additional file in either late November or early December for the second reassignment. These files must be used for purposes of identifying

individuals who need to be excluded from passive enrollment for calendar year 2021. However, we realize state demonstration staff may not be aware of who in the state receives the files. Please contact MMCO at [MMCOEnrollment@cms.hhs.gov](mailto:MMCOEnrollment@cms.hhs.gov) to obtain this information.

**MMP Passive Enrollment Coordination with CMS Reassignment – Process Summary**

The table below summarizes the steps and the process to coordinate MMP passive enrollment activities with CMS reassignment.

<b>Date</b>	<b>CMS Action</b>	<b>State Action</b>
August 21		State notifies MMCO of interest in having passive enrollment for January 1 take effect over the Medicare reassignment; include contact for September file.
Early September	CMS provides the preliminary list of LIS re-assignees to states.	States match their passive enrollment population to this list.
September		States begin preparing passive enrollment transaction files, including the beneficiaries identified on the preliminary list of re-assignees, for passive enrollments with January 1, 2021, enrollment effective dates. States will work with the CMS Enrollment Vendor to prepare the enrollment transaction files.
October 1-9 (no later than 5 p.m. EDT on October 9)	CMS processes state files as received and provides responses.	States submit January 1, 2021, effective date passive enrollment transactions for LIS reassignment coordination to the CMS Enrollment Vendor.  States review CMS’ responses to submitted transactions and resubmit corrections as needed.
October 10	CMS begins processing the reassignment of LIS beneficiaries into a new PDP with a January 1 enrollment effective date.	
Late October	CMS provides states with the final list of LIS reassigned beneficiaries.	

Date	CMS Action	State Action
November	CMS processes a second reassignment of any remaining LIS beneficiaries into a new PDP with a January 1 enrollment effective date.	
Late November or Early December	CMS provides states with the updated final list of LIS reassigned beneficiaries.	
Going forward through 2021		States use the final list of CMS reassigned beneficiaries to prevent passive enrollment during calendar year 2021.

**Additional Information**

We will continue to send any updates as we receive further information and provide technical assistance to successfully coordinate passive enrollment with the CMS annual reassignment process. If you have any questions, please contact [MMCOEnrollment@cms.hhs.gov](mailto:MMCOEnrollment@cms.hhs.gov).