

---

# MEDICARE PART D

---

## Compliance News

### **CMS Issues New Warning About Timely Enrollment Reconciliation**

As the 2009 open-enrollment season got under way, CMS sent out a memo citing its strong concern about Part D plans' continuing problems with timely enrollment reconciliation. CMS says ongoing membership reconciliation by every organization is necessary, and warns that activities such as "yearly clean-ups" are too infrequent and not acceptable practices. Consultants tell *PDN* that the memo's timing and strong wording signal a warning to plans of continued enforcement actions unless improvements are made.

"The information in there [i.e., the CMS memo] is 101-level kind of stuff. It's nothing new," says Aaron Eaton, Pharm.D, vice president of strategic development at Gorman Health Group, LLC. "But there is some strong language in there about CMS concerns."

Nathan Goldstein, senior vice president of strategic development at Gorman Health Group, adds that it is unusual for CMS to emphasize its expectations during open enrollment. "They seem to be sending some kind of warning to plans," Goldstein says. "We put out an alert on this memo and we basically [told clients]: 'Consider yourselves warned. CMS says you need to reconcile these enrollments faster.'"

Erin Costell, managing partner at Global Pharmaceutical Solutions, tells *PDN* that CMS has already been focusing "its audit efforts in this area and has taken strong action against plans that cannot display proficiency in their enrollment processes." CMS has "imposed fines, issued corrective action plans, and has even rescinded new enrollment privileges from plans that had enrollment compliance issues," she says. And these recent announcements indicate "that these enforcement actions will continue and increase in 2009."

"Enrollment accuracy is so critical to every aspect of the Part D program," she says — "from monthly payments [and] claims adjudication, to beneficiary care and satisfaction levels." Poor plan enrollment processes lead to "greater levels of retro-enrollment processing and PDE [i.e., Prescription Drug Event data] reprocessing." They can "negatively impact beneficiaries from a customer service level or care perspective if the enrollment issues prevent or delay coverage of needed medications," she adds.

In the Nov. 13 memo to Part D plans, Thomas Hutchinson, director of CMS's Medicare Drug Plan Payment Group, said that organizations have improved the timeliness and accuracy of Part D enrollment and disenrollment systems activity. But there are still problems, he added. "While we have achieved a great deal of progress, we remain concerned about continuing problems with timely enrollment reconciliation at the organization level. These problems generate beneficiary complaints, plan and CMS regional office casework, and eventually increase the need for retroactivity and manual enrollment corrections."

#### **CMS Urges Daily Submissions**

According to the memo, while CMS expects plans to submit batch files for enrollment and disenrollment activity at least four times per month, the agency "strongly encourages" organizations to submit files "on as close to a daily basis as possible."

"Ideally, reconciliation should occur with each submission," says Costell. "Plans should be processing CMS-issued batch completion status reports received for every enrollment file submitted. This allows plans the most time to correct enrollment rejections and reduces the volume of rejects that require retroactive processing," she tells *PDN*. "At a minimum, plans should be reconciling enrollment monthly to validate their prospective payments and support their payment attestations."

The memo also noted that plans must provide monthly attestations on the accuracy of enrollment information for payment purposes within 45 days of the availability of CMS's Monthly Membership Reports (MMRs). But Hutchinson describes the 45-day time frame as "an outer limit, not the ultimate goal," and encourages plans to review and reconcile enrollment information "as expeditiously as possible."

Goldstein says it would not surprise his firm to learn that many plans cannot provide accurate and timely attestations, "because most plans are relying on annual cleanups or allowing too much lag for documenting enrollment errors."

He adds that CMS has been shrinking the window on how far back an organization can submit informa-

tion for retroactive enrollment. "Plans have been to this point addressing these things on an annual basis," Goldstein says. "CMS is saying, 'Get your processes better, because we're giving you less time.'" He describes it as CMS "taking the bumpers off the bowling alleys," telling plans that if they don't submit information to reconcile enrollment retroactively within 45 days, the agency won't honor it.

Costell says she thinks "the majority of plan sponsors are providing timely attestations to CMS. However the level of accuracy of the attestation is subject to the accuracy of the plan sponsor's enrollment administration processes and reporting." "Enrollment administration is an area... that has been difficult since the [Part D] program's onset. Some plans have been more nimble and able to adapt to all of the enrollment requirements, changing files and formats and handling the volumes of ongoing guidance and CMS cleanup processes better than others, and it shows in the overall accuracy of their program administration."

### **Consultant Says Reconciliation Is Priority**

Goldstein says his firm is advising clients to think about putting reconciliation units within the enrollment function — either by converting some portion of the organization's enrollment department into a separate unit for reconciliation or by getting an outside vendor — in order to address discrepancies in enrollments as soon as possible. "CMS's memo... reflects the reality that this isn't happening right now," he says.

After the open-enrollment period ends Dec. 31, he says, organizations must make sure they have got the

processes in place to perform real-time reconciliation on an ongoing basis.

He notes that many plans "pull functions together to save money," using enrollment tools geared toward the commercial population even though Medicare enrollment is much more complex.

Goldstein estimates that 60% to 70% of CMS's 2006 Part D reconciliation — in which the agency collected approximately \$4 billion from Part D sponsors due to lower-than-expected drug costs that year (*PDN 11/07, p. 1*) — arose from discrepant enrollment numbers. And some consultants say plans can continue to reduce amounts owed CMS through better enrollment processes (*PDN 11/08, p. 1*).

Information on reconciling enrollment and disenrollment is "very basic stuff for the healthy functioning of a plan," he says, describing Part D as turning plans' enrollment departments into revenue management centers.

But plans are working harder at it "because it's hard, and the staffing isn't there," Goldstein says. "Staff is just processing enrollments, and who do you hand discrepancies to?" He says his firm had 16 reconciliation analysts working on enrollment discrepancies for a single plan last year. For large plans, he asserts, enrollment reconciliation "can save millions of dollars, no question about it."

Contact Goldstein at (202) 364-8283 and Costell at erin@globalpharmaceuticalsolutions.com. ✧