



DATE: March 28, 2019

TO: All Part D Plans

FROM: Amy Larrick Chavez-Valdez
Director, Medicare Drug Benefit and C&D Data Group

SUBJECT: Updated Coordination of Benefits (COB) Information

The purpose of this memo is to announce a new source of information for Part D plans to use when coordinating with State Pharmaceutical Assistance Programs (SPAPs) and AIDS Drug Assistance Programs (ADAPs). Part D plans are required to coordinate prescription drug coverage with State Pharmaceutical Assistance Programs (SPAPs) and AIDS Drug Assistance Programs (ADAPs)¹. Several years ago the Centers for Medicare and Medicaid (CMS) received comments indicating that Part D plans needed more reliable information about SPAP and ADAP plans. Based on this feedback CMS began an initiative to verify SPAP/ADAP data and agreements electronically within the Health Plan Management System (HPMS). We are happy to announce that an extract of the HPMS SPAP and ADAP data will be available quarterly for use by Part D plans beginning the first Monday of April 2019.

HPMS requires each SPAP and ADAP to provide a Bank Identification Number (BIN)/Processor Control Number (PCN). The forthcoming extracts will include the BIN/PCN to help the Part D plans identify beneficiaries enrolled in SPAPs and ADAPs during a Point of Sale Adjudication. If the BIN/PCNs in the CMS file extract is a match the BIN/PCN on the Information Reporting (N) transaction, the N transactions will be deemed qualified and reported as Other True Out-Of-Pocket Costs (TrOOP) on the Prescription Drug Event (PDE) file. The current process is less efficient as it relies on the member's records on for other health insurance to determine how to apply the contribution by the other payer.

Payments made by SPAPs and ADAPs are eligible for the enrollee's TrOOP incurred costs and are supplemental to Part D. For purposes of determining whether a Part D plan enrollee has satisfied the out-of-pocket threshold provided under §423.104(d) (5) (iii), a Part D plan must include the enrollee's incurred cost.

The format of the quarterly reports will be posted in csv format at:
www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/Coordination_of_Benefits.html.

Questions about this memo should be sent to CMS SPAP SPAP@cms.hhs.gov.

¹ See 1860D-23. [42 U.S.C. 1395w-133] (a) CFR 423.464