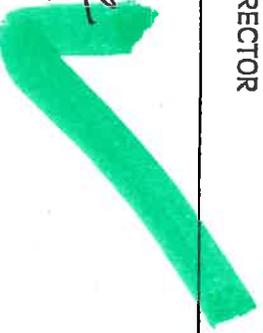


DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

Jim Val

ACTION REFERRAL

TO <i>Myers / Gove</i>	DATE <i>3-22-10</i>
---------------------------	------------------------

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>1011397</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____
<i>cc: Deps GMS File Forkner</i>	<input type="checkbox"/> FOIA DATE DUE _____
	<input type="checkbox"/> Necessary Action DATE DUE _____
	<i>No letter of response</i>
	<i>Noted 3/25</i>

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			<i>[Signature]</i>
2.			
3.			
4.			

RECEIVED
Dept. of Health
& Human Services

MAR 24 2010

Bureau of
Health Services

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR**

ACTION REFERRAL

TO	DATE
<i>Myers</i>	<i>3-22-10</i>

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>1011397</i>	I <input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Deeps ams file Forkner</i>	I <input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____
	I <input type="checkbox"/> FOIA DATE DUE _____
	<input checked="" type="checkbox"/> Necessary Action

APPROVALS <small>(Only when prepared for director's signature)</small>	APPROVE	* DISAPPROVE <small>(Note reason for disapproval and return to preparer.)</small>	COMMENT
1.			
2.			
3.			
4.			

RECEIVED

MAR 22 2010

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations
Disabled and Elderly Health Programs Group (DEHPG)

JAN 13 2010

Dear State Medicaid Director:

RE: Medicare Part D Point-of-Sale Facilitated Enrollment (POS FE) Contract Change

Since January 1, 2008, Quality Software Systems, Inc. (QSSI) has served as CMS' Medicaid Eligibility Verification contractor in support of the Medicare Part D Point-of-Sale Facilitated Enrollment (POS FE) process. The POS FE process provides prescription drug coverage at the POS (the pharmacy) to full-benefit dual eligible (FBDE) and other low-income subsidy (LIS) eligible individuals who are in need of immediate drug coverage and who have not yet been enrolled into a Part D plan.

Starting January 1, 2010, QSSI is a subcontractor under a new arrangement with Humana and we want to ensure that States will continue granting QSSI access to the needed eligibility files. On that date, under a special demonstration program, CMS began working with a new, single contractor to provide Part D coverage for retroactive periods for all FBDEs and Supplemental Security Income (SSI) only beneficiaries and POS coverage for all Medicare LIS eligible beneficiaries. The contract was awarded to Humana and was implemented on January 1, 2010. It will span two years with the option to be renewed for three one-year periods. The demonstration will be referred to as the "Limited Income Newly Eligible Transition (NET)" program. In light of this program change, CMS' direct contract with QSSI ended on December 31, 2009. Instead, CMS is contracting with Humana, who will subcontract with QSSI to continue performing Medicaid eligibility verification services. QSSI began work on the new contract on January 1, 2010.

We understand that some States may be concerned about the privacy of any data shared with QSSI. We assure you that CMS' use of State Medicaid eligibility data is protected under both the Privacy Act of 1974 and the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule. The Medicare Modernization Act of 2003 necessitates States to provide access to certain dual eligible data in order for the Secretary of the Department of Health and Human Services to effectively provide the Medicare Part D benefit to this population. QSSI is obligated to safeguard protected health information it receives from, or on behalf of, CMS and now Humana. Therefore, no separate agreement between the States and QSSI is necessary, as QSSI is already held to privacy and confidentiality requirements that ensure protection of the State data as outlined in Humana's contract with CMS.

Page 2 -- State Medicaid Director

We thank you for granting access to QSSI in the past and encourage you to allow them the same access rights under the new contract without any interruption.

We also take this opportunity to provide technical guidance about how Medicare's Limited Income NET program and CMS' contract with Humana impacts the recovery of Medicaid payments from Medicare. States that have made Medicaid payments for individuals that are FBDEs who had not yet been enrolled into a Part D plan should seek reimbursement directly from Humana. We encourage States to use the Version 3.0 standard adopted by the National Council of Prescription Drug Programs which will become a HIPAA standard in 2012. You can acquire more information regarding Version 3.0 on the CMS website at: www.cms.hhs.gov/Versions5010andD0/. Please note that under Medicare's Limited Income NET program, there are no timely filing limits or prior authorization required for claims with dates of service within the past 36 months.

If you have any questions or concerns regarding this issue, please contact Courtney Turner at Courtney.Turner@cms.hhs.gov or 410-786-4593. For further information or clarification regarding the Version 3.0 standard, please contact Sue Knefley at Sue.Knefley@cms.hhs.gov or 410-786-0488.

Sincerely,



Barbara Coulter Edwards
Director

cc:

CMS Regional Administrators

CMS Associate Regional Administrators
Division of Medicaid and Children's Health

Ann C. Kohler
NASMD Executive Director
American Public Human Services Association

Joy Wilson
Director, Health Committee
National Conference of State Legislatures

Matt Salo
Director of Health Legislation
National Governors Association

Page 3 – State Medicaid Director

Debra Miller
Director for Health Policy
Council of State Governments

Christine Evans, MPH
Director, Government Relations
Association of State and Territorial Health Officials

Alan R. Weil, J.D., M.P.P.
Executive Director
National Academy for State Health Policy