DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR MEDICARE

DATE: November 12, 2010

TO: All Part D Sponsors

FROM: Cynthia G. Tudor, Ph.D., Director, Medicare Drug Benefit and C & D Data Group

SUBJECT: Clarification of Unique BIN (or BIN/PCN) Requirements as of January 1, 2012 [§423.120(c)(4) as revised by CMS-4085-F]

CMS has received requests for clarification of our regulations at 42 CFR §423.120(c)(4) concerning the required assignment and exclusive use of unique routing and beneficiary identifiers for the Medicare Part D program. These requirements were finalized in CMS-4085-F on April 15, 2010 and will be effective January 1, 2012. The intent of these provisions is to ensure (1) that pharmacies can routinely identify situations in which they are billing a Part D claim and (2) that payers secondary to Part D can properly coordinate benefits on Part D claims. These goals cannot reliably be met if Part D claims cannot be distinguished from other types of pharmacy claims through unique routing and beneficiary identifiers. This memo provides answers to the questions we have received since the regulation was published on April 15, 2010 that have arisen as sponsors develop programming for the 2012 requirement.

Q1: At which level of the sponsor's, or the sponsor's subcontractor's organization must the unique routing identifier ("BIN" or "BIN/PCN combination") be assigned?

A1: The primary intent of this provision is to ensure that pharmacies can clearly determine that the claim is for a Part D covered drug. After receiving numerous suggestions from both processors and pharmacies, we believe that this goal can be met as long as the BIN or BIN/PCN combination uniquely identifies the Part D line of business and corresponds to a payer sheet applicable solely to Part D processing requirements. This means that the BIN or BIN/PCN combination must be exclusively used for Part D claim processing, and must be supported by a payer sheet, regardless of whether the routing identifiers uniquely identify the processor, the sponsor's parent organization, or a subset of the sponsor's business. Thus, one BIN or BIN/PCN combination could represent multiple sponsors, as long as only Part D claims are submitted to and processed under that identifier.

Q2: May the unique Part D routing identifiers be used to extend Part D negotiated prices to non-covered drugs through a discount card arrangement?

A2: No. The primary intent of this provision is to ensure pharmacies can clearly identify and handle Part D claims. Use of the Part D routing numbers to process discount card transactions could lead pharmacies to misidentify such claims and apply Part D rules, terms and conditions to non-Part D claims.

Q3: May the unique Part D routing identifiers be used to process Part B claims at point of sale when the sponsor is a Medicare Advantage Organization?

A3: No. In addition to not meeting the primary intent of allowing the pharmacy to accurately identify a Part D claim, processing a Part B claim as if it were a primary Part D claim will cause the pharmacy to pass the Part B claim to any secondary or subsequent payers that coordinate benefits with Part D. This may result in these other payers providing benefits that they are not authorized to provide.

Q4: May the unique Part D routing identifiers be used to process co-administered primary Part D and secondary payer benefits, such as when a sponsor contracts with both CMS for primary Medicare Part D benefits, and with an SPAP for secondary coverage?

A4: Yes, as long as the sponsor is reasonably certain that no other payers are liable to coordinate benefits on Part D claims. (In the absence of independent knowledge of any such other payers, the sponsor may rely upon the CMS COB files for this information.) In this situation, the pharmacy would correctly treat the claim as a Part D claim, and no subsequent payer would be at risk of inappropriate coordination of benefits. The sponsor, however, takes on additional risk in segregating and reporting the components of the one transaction properly to the two respective payers, as well as ensuring that the transaction is HIPPA compliant.

Q5: May sponsors utilize the unique Part D identifiers "behind the scene" in adjudicating claims, but provide different 4Rx data (the BIN, PCN, Group, and Cardholder ID identifiers) to CMS through the MARx system enrollment-related transactions and on PDEs (or vice versa)?

A5: No. The 4Rx data submitted to CMS following enrollment, which supports the online real-time eligibility queries ("E1 transactions"), must be the same data that pharmacies submit on claims and that the processor uses to adjudicate claims and prepare PDEs. This way the plan sponsor, its claims processor, the pharmacy, The TrOOP Facilitator, and any subsequent payers that wrap around the Part D benefit can all accurately identify and manage Part D claims. As of January 1, 2012 CMS does not permit the use of alternate identifiers on the inbound claim that are subsequently crosswalked or otherwise mapped to the identifiers on record with CMS and/or then converted onto PDEs. We note that when alternate identifiers have previously been utilized prior to the implementation of this policy change, there may be initial disruption the first time a pharmacy claim is submitted using the old identifiers and is denied. However, the correct identifiers should be readily available through the use of an E1 query or other processor messaging, and once the proper identifiers have been substituted, any initial disruption would not be recurrent.