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**TO:** All Part D Plan Sponsors

**FROM:** Amy K. Larrick, Acting Director  
Medicare Drug Benefit and C&D Data Group

**SUBJECT:** Appropriate Access and Use of the Part D Eligibility Query

**DATE:** December 3, 2015

We have received numerous requests for expanded access and use of the Medicare eligibility query function available through the Part D transaction facilitator, RelayHealth. This functionality supports requests for verification of Part D enrollment as well as requests for verification of Part A and B eligibility. The purpose of this memorandum is to address appropriate access and use of these Medicare eligibility queries.

As specified in the NCPDP Telecommunication Standard Implementation Guide Version D.0, the Medicare Part D the Eligibility transaction (E1) is used to determine patient eligibility. If a patient enrolled in Medicare Part D does not present a Medicare Part D ID card to the pharmacy provider or the pharmacy provider wants to verify coverage, this transaction can be used to determine which plan(s) to bill and if known, in what order. The facilitator provides this information on the E1 response to the pharmacy provider.

The separate Part A and B E1 query was initially implemented primarily to support the point-of-sale facilitated enrollment of individuals who were missed in CMS' auto-enrollment process. In 2010, the low-income newly eligible transition (LI NET) program replaced the facilitated enrollment process, but the Part A and B E1 continues to be used as necessary by pharmacies to verify a beneficiary's eligibility for Part D.

The Part D transaction facilitation process, which includes the processing of all Medicare E1 transactions, is funded through the Part D coordination of benefits (COB) user fee. In accordance with the Social Security Act section 1860-D 24(a)(3), this user fee is for the transmittal of information necessary for Part D benefit coordination. Federal regulations at 42 CFR 423.464 require Part D sponsors to coordinate with other entities providing prescription drug coverage in order to determine whether costs for Part D eligible individuals are being reimbursed by another entity and whether such costs may be treated as incurred costs and, therefore, are TrOOP-eligible.

It is CMS' interest to ensure that E1 transactions, and the data provided in the responses, are accessed and used appropriately. That is, the transactions are requested by a pharmacy for Medicare purposes and the data are used to support coordination of benefits. Coordination of benefits would include confirming payer order; therefore, E1 requests, for example, those used to permit States to coordinate benefits payable under Medicaid, are appropriate.

Pharmaceutical manufacturer co-pay assistance coupon programs are not considered prescription drug coverage. Thus, the E1 cannot be used for the purpose ruling out Medicare coverage in order to ensure that coupon use would not violate the anti-kickback statute (Section 1128B(b) of the Social Security Act).

Any questions concerning this guidance should be sent to the CMS Part D policy mailbox at [PARTDPOLICY@cms.hhs.gov](mailto:PARTDPOLICY@cms.hhs.gov).