

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
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Baltimore, Maryland 21244-1850



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TO: All Part D Sponsors

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

SUBJECT: Part D Transaction Facilitator Updates

DATE: March 2, 2012

The purpose of this memorandum is to provide three updates related to the Part D Transaction Facilitator. The first update is a clarification for plan compliance officers related to the business associate agreement (BAA). The second update is an announcement for plan staff responsible for COB and N transaction processing concerning a new activity that the Transaction Facilitator recently initiated. The third update is a clarification for staff responsible for claim and FIR transaction processing and any special data requests submitted to the Transaction Facilitator by Part D sponsors, their processors, and other payers.

**Clarification of the Business Associate Agreement Requirement**

In our November 10, 2011 memorandum, we reminded Part D sponsors of the requirement to execute a BAA with the Part D Transaction Facilitation Contractor (formerly the TrOOP Facilitator), NDCHealth dba RelayHealth, covering TrOOP and coordination of benefit (COB) functions. We noted that the Facilitator currently receives data from a sponsor whenever a beneficiary makes a contract-level enrollment change during the coverage year, and the automated TrOOP balance transfer process is triggered. One clarification is that the requirement for a BAA can be met by either the sponsor having a signed agreement with the Transaction Facilitator or the sponsor's processor entering into a BAA with the Facilitator on behalf of the plan sponsor. A BAA executed between the sponsor and their processor is not sufficient to meet this requirement because, in the automated TrOOP balance transfer process, the Facilitator is doing work on behalf of the plan sponsor. Therefore, there must be an executed BAA between either the sponsor or the sponsor's subcontractor (that is, the processor) and the Transaction Facilitator.

On a related matter, we have received an inquiry on whether the standard language BAA should be updated to include the requirements of the Health Information Technology for Economic and Clinical Health (HITECH) Act. Updating the document at this time would be premature, since the regulations implementing the HITECH provisions have not yet been finalized. Once final regulations are issued, we will draft a revised standard language BAA reflecting the final provisions and make it available to the industry.

### **New Activity for the Transaction Facilitator**

Effective January 2012, the Facilitator began using the COB file records to create a table of supplemental payer BINs/ PCNs to be used by the switch community to determine which transactions should be routed to the Transaction Facilitator for processing to create N transactions. Initially, the supplemental BIN/PCN tables used will be a combination of the current BIN/PCN table generated by the CMS COB contractor and the Facilitator-generated list which will be updated at least monthly. To create the table, the Facilitator uses the supplemental payer BIN/PCN data contained in the COB fields in the CMS Medicare Beneficiary Database, and applies the following set of exclusion criteria to eliminate invalid supplemental BIN/PCNs from the table:

- Any supplemental BIN/PCN contained in fewer than 10 beneficiary records.
- Any supplemental BIN/PCN which is the same as that of an active 2012 Part D plan.
- Any supplemental BIN/PCN not identified as valid by the processor. (Several processors have reported all their valid supplemental BIN/PCNs to the Facilitator.)
- Any supplemental BIN not registered with the switches for real-time processing.
- Any supplemental BIN in which all digits are the same.
- Any supplemental PCN in which all digits are the same.
- Any supplemental PCN of “NA”, “N/A” or “None”.
- Any supplemental BIN/PCN removed at the request of the BIN/PCN owner or processor.

Based on our analyses, we project that use of the Facilitator-generated table will result in an increase in the number of N transactions created. Sponsors should anticipate the possibility that you will be receiving a greater volume of N transactions and plan accordingly. We expect to continue to refine this process to permit the switch community to eventually rely solely on the Facilitator-generated tables.

### **Data Requests to the Transaction Facilitator**

The Transaction Facilitator is permitted to receive and respond to requests for reprocessing of the requestor’s own B, N and/or FIR transactions or for historical data (e.g., transactions by HICN, Contract ID or processor). Only requests for special re-processing of FIR transactions that are within the CMS-established routine FIR processing timeframe (this is, within 15 months of the beginning of the calendar year for which the re-processing is requested) and those requests for special re-processing or historical data that result from a CMS policy change or Transaction Facilitator error, as determined by CMS, shall be fulfilled by the Facilitator with the approval and at the expense of CMS.

All other requests for special re-processing, historical data or special reports may be fulfilled, but the associated costs shall be charged at the Facilitator's commercial rate and shall be borne by the requestor. Since Federal regulations at 42 CFR 423.466(b) limit sponsor coordination of benefits to 3 years from the date of dispensing of a covered Part D drug, the Transaction Facilitator shall process the other requests for data within that timeframe. The Facilitator will process no data requests received outside the 3-year timeframe.

The Facilitator is required to provide CMS a record of all special data requests requiring development, including the name of the requestor, the date of the request, the data requested, the rationale for the request, and the date the requested work was completed.

If you have any questions concerning this memorandum, please contact Deborah Larwood at 410-786-9500 or [Deborah.Larwood@cms.hhs.gov](mailto:Deborah.Larwood@cms.hhs.gov).