CMS – RETROACTIVE ENROLLMENT & PAYMENT VALIDATION
RETROACTIVE PROCESSING CONTRACTOR (RPC)

LOW INCOME SUBSIDY (LIS) DEEMING UPDATES
STANDARD OPERATING PROCEDURE

TABLE OF CONTENTS

REED
& ASSOCIATES, CPAs

Retroactive Processing Contractor (RPC) – Reed & Associates, CPAs

Effective August 3, 2007, Reed & Associates, CPAs (Reed) was designated by the Centers for Medicare & Medicaid Services (CMS) as the national contractor responsible for processing retroactive transactions for all Medicare Advantage Organizations, Part D Sponsors, Cost-based Plans, PACE Organizations, and Medicare-Medicaid Plans (MMPs). Under the terms of this contract, Reed validates and processes all retroactive transactions involving enrollment including those covered by this Standard Operating Procedures (SOP). All transactions submitted by Organizations must be in accordance with the processes outlined in this SOP as well as the latest CMS Guidance.

CMS Guidance/Regulations

This SOP is written in accordance with CMS' "Best Available Evidence" (BAE) policy and submission practices as described in the July 29, 2011 revision of the Medicare Prescription Drug Benefit Manual Chapter 13 §70.5.2 – "Required Documentation and Verification"; § 70.5.4 – "Transmitting and Timing of Manual Low Income Subsidy (LIS) Status Correction"; and the February 17, 2017 HPMS Memorandum "Best Available Evidence Process Update." The information provided in this SOP should not be interpreted as CMS policy, nor shall it supersede official CMS enrollment guidance including but not limited to the Medicare Managed Care Manual (MMCM), Chapter 17-D, CMS Enrollment and Disenrollment Guidance for PDP Sponsors, and all published HPMS memos.

Compliance with Standard Operating Procedures (SOPs)

Formal procedures have been developed by the RPC in accordance with the CMS Retroactive Processing and Payment Validation (RPC) contract to facilitate the process of manual LIS deeming status corrections. The RPC has developed guidance to assist Organizations in their compliance with CMS' formal procedures. Any transactions that are submitted by Organizations that do not comply with the guidelines may not be accepted. Careful adherence to these guidelines will ensure that transactions submitted to the RPC can be processed timely and accurately.

Low Income Subsidy (LIS) Overview

The Low Income Subsidy (LIS) was originally implemented as a means to assist qualified beneficiaries with out-of-pocket costs associated with Medicare prescription drug benefits. The Medicare Prescription Drug program under the Improvement and Modernization Act of 2003 (MMA) was established to provide the greatest assistance to those with the greatest need. LIS, as a part of this initiative, provides substantial help to Medicare beneficiaries with limited incomes. This help comes in the form of a federal premium subsidy and some cost-sharing for covered drugs.

Deemed Eligible Individual

The following three groups of beneficiaries are automatically eligible for LIS through *deeming*:

- Full-benefit dual eligible individuals, that is, persons eligible for both Medicare and comprehensive Medicaid benefits;

- Partial dual eligible individuals, that is, Medicare beneficiaries who are participants in the Medicare Saving Programs (MSP), which are QMB, SLMB, and QI;

- Supplemental Security Income (SSI) recipients, including SSI recipients who do not qualify for Medicaid, who are also eligible for Medicare.

A beneficiary's LIS deemed start date in CMS systems is always the first day of the month they are deemed LIS eligible through the end of the current calendar year (December 31), regardless of loss of eligibility during the same year.

When a beneficiary's deemed status is not accurate in CMS systems, Part D sponsors are required to submit their LIS Deeming request to the Retroactive Processing Contractor (Reed & Associates). Organizations must submit all valid, manual LIS deeming requests to the RPC following the guidance contained in this SOP.

LIS Applicants

A beneficiary who believes he or she may be eligible for the LIS (but is not deemed eligible due to being Medicaid, MSP, or SSI-eligible) may *apply* for the subsidy through the Social Security Administration (SSA) or by requesting a State determination at his or her State Medicaid agency. These individuals are sometimes referred to as "LIS applicants" to distinguish them from individuals who are "deemed." For more information on LIS Applicants, please refer to the Medicare Prescription Drug Benefit Manual Chapter 13 § 40.1 (Eligibility Through Application).

The RPC LIS update process is intended to be used only for beneficiaries who are **"deemed"** eligible for LIS. CMS currently does not have a process for updating CMS systems for LIS applicants. Therefore, the RPC LIS update process may not be used for LIS applicants.

The Social Security/State award notices to LIS applicants indicate whether the award is for a full or partial subsidy, and these notices DO constitute valid proof of an individual's LIS status and thus should be used by plans _internally_ to determine the correct LIS copay and update their own systems.

However, such notices do not reflect or confirm "deemed" LIS-eligibility status and thus have no role in the RPC LIS update process. Do not send materials for SSA or State Medicaid LIS applicants to the RPC for processing. Any update requests accompanied by SSA (or State Medicaid Agency) LIS award notices will be returned to the Organization unprocessed.

"Best Available Evidence" (BAE) Policy Overview

CMS primarily relies on monthly files from States and the Social Security Administration to establish a beneficiary's low-income subsidy eligibility and appropriate cost-sharing level. However, when the low-income subsidy information in CMS' systems is not correct or does not exist, CMS relies on the Best Available Evidence policy[1] to manually process LIS deeming requests.

BAE is defined as the documentation used by the Part D sponsor to support a favorable change to a low-income subsidy eligible beneficiary's LIS status.

CMS' systems may not reflect beneficiaries' accurate LIS status for several reasons including: a state was unable to successfully report the beneficiary as Medicaid eligible or is not reporting him/her as institutionalized, or SSA data on an LIS Applicant was not successfully processed. When provided appropriate and valid evidence, Organizations are required to override standard cost-sharing and maintain an exceptions process for that beneficiary until the CMS LIS correction is processed.

While the Best Available Evidence policy applies to all individuals with LIS, at this time, corrections to CMS data can only be made for the deemed population.

Timing of Manual LIS Status Correction

As described in Chapter 13 §70.5.4 (Transmitting and Timing of Manual LIS Status Correction), prior to submitting a manual correction request to the RPC, CMS recommends allowing a reasonable time for updated information to be automatically entered into the CMS systems and reported to the Organization. The recommended delay is a minimum of 30 and a maximum of 60 days, as it is likely that a significant portion of those who qualify under BAE policy in one month will be deemed for LIS via the normal process within the next several weeks.

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[1] Medicare Prescription Drug Benefit Manual Chapter 13 §70.5

Instructions for Submission to the RPC (Reed & Associates)

Organizations must submit all manual LIS deeming update transactions to the RPC following the specific guidance contained in this SOP. If Organizations have questions regarding the submission of transactions, they should contact the RPC's Client Services Department.

Organizations should expect that transactions are processed and reported in the order received by the RPC. While sections A-E provide detailed submission instructions, the general process is noted below:

A.   *Organizations submit the following to the RPC:*
    i.   *A cover letter from the organization*
    ii.   *The RPC submission spreadsheet*
    iii.   *Supporting documentation for each beneficiary identified in the retroactive transactions*

B.   *The RPC will import the transactions from the eRPT system into the RPC tracking system and, if necessary, issue error reports to the Organizations within five (5) calendar days.*

C.   *The RPC will review the transactions and, if applicable, make changes in CMS' systems within 35 days of the receipt date. A final disposition report (FDR) will be issued to the Organizations communicating the results of the RPC's review. Organizations should carefully monitor CMS' systems, RPC FDRs (Final Disposition Reports), TRRs (Transaction Reply Reports) and MMRs (Monthly Membership Reports) to ensure that all requested transactions have been processed.*

D.   *Organizations must resubmit transactions to the RPC within 45 days of the issuance of the FDR if the original request was not processed as requested.*

E.   *If an Organization believes that a transaction has not been processed within the 35 day timeframe, they should contact the RPC's Client Services Department to make a **Transaction Inquiry**. See Section E on how to submit Transaction Inquiries to the RPC.*

A.   *Organizations Submitting Transactions to the RPC*

Submissions that meet <u>all</u> of the requirements explained in this SOP should be sent via a "Submission Package" in the Electronic Retroactive Processing Transmission (eRPT) system (https://portal.cms.gov/).

Organizations should ensure that all Submission Packages sent to the RPC have been reviewed for accuracy and completeness. <u>Any packages received by the RPC that do not adhere to the guidelines in this SOP will not be processed.</u>

Submission Packaging Instructions:

i.   *Cover Letter*

A cover letter must accompany all transactions submitted to the RPC. This letter should, at a minimum, contain the applicable contract number(s) (i.e., H#, S#, R#, E#) and a Certification Statement signed by an official representing the Organization. Below is an example of appropriate language for the Certification Statement:

> *"I certify, as an authorized representative of the Organization, that the information submitted to the Retroactive Processing Contractor on* **<date>** *is accurate and complete. Supporting documentation is being maintained at the Organization for each request."*

Organizations must retain the original supporting documentation for the requested transactions as they may be required to produce it during a CMS audit.

The cover letter should also include any special circumstances or instructions the Organization believes may be necessary to assist the RPC in processing the submitted transactions timely and accurately. For example, if the submission contains transactions that required RO Approval or special handling instructions from an Account Manager, this information should be stated in the cover letter for the RPC to immediately identify.

ii.   *Submission Spreadsheet*

Retroactive transactions must be listed by the Organization on the Excel submission spreadsheet template. The completed spreadsheet must be saved in an "xls" or an "xlsx" file format and sent via a "Submission Package" in the eRPT system (https://portal.cms.gov/).

The submission spreadsheet template is available on the RPC's website (*http://www.reedassociates.org/*) in the **RPC Submission Toolkit** section.

The formatting of the submission spreadsheet template, including tab names, column headers, column order, cell placement and cell formatting, should not be changed or altered in any way, or the spreadsheet may not import properly. Additionally, Organizations should note that there are drop-down menus for several of the columns which require very specific responses.

If your Organization automates the spreadsheet completion process, the RPC suggests that you review all spreadsheet components carefully (especially the required responses for the drop-down menus) to avoid errors in importing the spreadsheets and reviewing

the transactions. **The RPC cannot import transactions that do not meet the formatting requirements of the submission spreadsheet.**

NOTE: The completed submission spreadsheet must be saved in an "xls" or an "xlsx" file format in order to upload it to the eRPT system. This can be accomplished on the "Save As" window in the "Save as Type" field.

Specific instructions for how to complete each column of the spreadsheet are included on the spreadsheet itself. Basic instructions are listed below the column headers. Please utilize the following chart to provide the RPC with the correct information in the *Dual Eligible Status* and *Institutional Status* columns as it relates to the LIS status level being requested:

Dual Eligible Status (Medicaid Status Level)	Institutional or HCBS Status	LIS Level	Co-Payment Amount
Partial	No/Unknown	Level 1	High
Full	No/Unknown	Level 2	Low
Full	Yes	Level 3	None

Table 1 - LIS Deeming Copayment Levels

Please contact the RPC's Client Services Department with additional questions on how to complete the spreadsheet. If you have questions on how to complete the remainder of the spreadsheet, please contact the RPC's Client Services Department.

iii.   *Documentation Required*

Retroactive transactions covered by this SOP are not subject to the Enrollment Data Validation review process. All Organizations must electronically submit the supporting documentation for each transaction covered by this SOP to the RPC as PDF files via a "Submission Package" in the eRPT system (https://portal.cms.gov/).

Organizations should only submit documentation that is required for processing. Documentation which has not been approved by CMS will not facilitate processing.

In order for the electronic documentation to be accurately matched to the request listed on the submission spreadsheet, the documentation for each request must be sent in individual PDF files. Each request must include the RPC LIS Documentation Worksheet (found on the RPC's website) along with the specific documents required for manual LIS Deeming updates. Organizations should also retain a copy of the transaction and related documentation submitted to the RPC as part of each beneficiary's record.

The electronic documentation will not import properly if it is not named in the following format (note the dash): **[Contract number]-[Beneficiary ID]** (i.e. H1234-1EG4TE5MK73). Any additional characters or missing information could prevent the documentation from importing into the RPC system and delay the RPC's review of the requested change.

IMPORTANT: As outlined above, the exact syntax must be used when naming the supporting documentation file to ensure it is imported into the RPC system and correctly matched to the request listed on the accompanying submission spreadsheet. The standard process for submitting retroactive processing requests electronically is to create a "Submission Package" in eRPT (https://portal.cms.gov/) and upload the supporting documentation to that package.

NOTE: *There is no need to encrypt files uploaded to eRPT as it is a secure system.*

Documentation Required[2] (choose one or more from list):

All documents listed below are valid for the purpose of establishing the correct cost-sharing and effective date for individuals who should be **deemed** eligible for LIS. They are the only documents permissible for submission to the Retroactive Processing Contractor (Reed) for a LIS deeming update.

- A copy of the member's Medicaid card which includes the member's name, eligibility date, and status level;

- A copy of a state document that confirms active Medicaid status;

- A print out from the State electronic enrollment file showing Medicaid status;

- A screen print from the State's Medicaid systems showing Medicaid status;

- Other documentation provided by the State showing Medicaid status**;**

- A remittance from the long term care facility showing Medicaid payment for a full calendar month for that individual;

- A copy of a state document that confirms Medicaid payment to the long term care facility for a full calendar month on behalf of the individual;

- A screen print from the State's Medicaid systems showing that individual's status based on at least a full calendar month's stay for Medicaid payment purposes;

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[2] Medicare Prescription Drug Benefit Manual Chapter 13 §70.5.2 - Required Documentation and Verification

- A letter from SSA showing that the individual receives SSI;

- An Application Filed by Deemed Eligible confirming that the beneficiary is "…automatically eligible for extra help…" (SSA publication HI 03094.605)

- A copy of the Deeming notice – pub. no. 11166 (purple notice)

All documents listed below are valid for the purpose of establishing an institutionalized status of a beneficiary and determining zero cost-sharing:

- A remittance from the facility showing Medicaid payment for that individual for a month after June of the previous calendar year;

- A copy of a state Medicaid document showing the individual's institutional status for a month after June of the previous calendar year;

- A screen-print from the State's Medicaid systems showing the individual's institutional status for a month after June of the previous calendar year;

- A copy of the Deeming notice – pub. no. 11166 (purple notice)

All documents listed below are valid for the purpose of establishing Home and Community-Based Services (HCBS) status and determining zero cost-sharing:

- A copy of a State-issued Notice of Action, Notice of Determination, or Notice of Enrollment that includes the beneficiary's name and HCBS eligibility date during a month after June of the previous calendar year;

- A copy of a State-approved HCBS Service Plan that includes the beneficiary's name and effective date beginning during a month after June of the previous calendar year;

- A copy of a State-issued prior authorization approval letter for HCBS that includes the beneficiary's name and effective date beginning during a month after June of the previous calendar year;

- Other documentation provided by the State showing HCBS eligibility status during a month after June of the previous calendar year; or,

- A state-issued document, such as a remittance advice, confirming payment for HCBS, including the beneficiary's name and the dates of HCBS.

A report of contact may also be submitted as evidence of a beneficiary's status as a full benefit dual eligible individual, institutionalized individual, and/or HCBS recipient. This report is to include: the date a verification call was made to the State Medicaid Agency and the name, title, and telephone number of the state staff person who verified the Medicaid status.

Lastly, if all other reasonable efforts to acquire the documentation from, or on behalf of, the beneficiary have failed, Plans are to create a CTM ticket with a subcategory of "Premiums and Costs - Beneficiary needs assistance with acquiring Medicaid eligibility information (EX)." CMS will attempt to confirm with the appropriate state Medicaid agency whether the beneficiary is eligible for LIS. If applicable, screenshots of the completed CTM ticket can be submitted as evidence of a beneficiary's LIS status. Please refer to the February 17, 2017 HPMS Memorandum "Best Available Evidence Process Update" for the complete procedure on how to create the CTM ticket for a beneficiary assistance request.

NOTE: Any other documents, such as Social Security LIS Notices of Award, **do not** confirm deemed status and are unacceptable for the purpose of a deeming update. Manual LIS Deeming updates supported by SSA Award letters will not be processed.

B. *RPC Importing Transactions & Error Reports*

The RPC will import the transactions into the tracking system and update the status of the Submission Package in eRPT to "In Process" within five (5) calendar days. Any errors that are noted during the importation process will also be communicated to Organizations via eRPT as a "Response Document" at that time.

The status of the Submission Package in eRPT and the error report(s) uploaded to the Submission Package should be carefully monitored by Organizations to ensure that all of the transactions are 1) received by the RPC, and 2) imported properly. A final disposition report (FDR) will not be issued for the transactions that receive an error message during the importation process. Transactions that cause an error message and are subsequently resubmitted to the RPC are not considered to be resubmissions because they were never processed due to importation errors.

C. *RPC Issuance of Final Disposition Reports (FDRs)*

Valid retroactive transactions will be processed by the contractor within **35 days** of receipt. If the RPC determines that it *should* and *can* make the requested changes, the retroactive change will be made in CMS' systems. Payment adjustments will be made accordingly as CMS processes the changes. Note that payment adjustments are not directly handled by the RPC.

After processing the adjustments, the RPC will provide the Organization with a Final Disposition Report (FDR) via eRPT to the Organization. The FDR communicates the disposition of the requests

to the Organization. The disposition codes used by the RPC are available on the RPC's website (*http://www.reedassociates.org/*) in the RPC Submission Toolkit section.

Organizations must have ongoing membership reconciliation processes that include data comparisons of Organization information to all relevant CMS/RPC files and reports including Final Disposition Reports (FDRs), Transaction Reply Reports (TRRs) and Monthly Membership Reports (MMRs).

If the request cannot be processed for any reason, the materials submitted to the RPC will <u>not</u> be returned to the Organization; however, the disposition code provided by the RPC on the FDR will indicate why the submission, in whole or in part, could not be completed. The disposition code descriptions should be read very carefully to ensure that each transaction can be properly resubmitted and processed by the RPC. (See Section D for resubmissions.)

If an Organization has concerns or questions regarding the determination made by the RPC, they should first contact the RPC's Client Services Department by using the Transaction Inquiry form described in Section E. If a transaction is found to have been processed incorrectly by the RPC, then Reed's Quality Assurance Department will work with the RPC Processing team to correct the transaction. For transactions or other matters that cannot be resolved by the RPC, Organizations should contact their local Account Manager for further assistance.

D. Resubmissions

Following the issuance of the Final Disposition Report (FDR), Organizations may determine (by reviewing the disposition codes provided on the FDRs) that transactions were not processed by the RPC. Once the error is identified and resolved, organizations may file a resubmission request for previously denied retroactive transactions.

Please note a FDR is not issued for records that are not successfully imported by the RPC. Therefore, the second submission of those transactions to the RPC **would not** be considered a resubmission transaction. Organizations should submit those transactions following the normal procedures since they were never originally entered into the system as a valid transaction.

In general, all of the steps outlined in section A of the "Instructions for Submission to the RPC" must be followed for a resubmission (including all documentation which supports the request). <u>Additional</u> requirements for resubmissions to be imported and processed are listed below.

1. Resubmission transactions must be sent to the RPC <u>within 45 days of receiving the original FDR for the request</u>. It is highly recommended that Organizations reconcile the FDRs to CMS' Systems prior to resubmitting transactions. Organizations can then submit a master submission for all discrepant retroactive transactions.

2. Resubmission transactions must be listed on the Excel submission spreadsheet template following the standard submission process described in Section A.

3. On the documentation worksheet, Organizations should clearly state that the transaction is a resubmission and that it is <u>not</u> a duplicate transaction. Not stating this in the documentation worksheet could delay or negate the RPC's review of the requested transaction.

4. Documentation requirements for resubmissions are identical to the documentation requirements detailed above; however, if a transaction was not processed due to a missing document, Organizations must submit the documentation from the first request *plus* the requested documentation to ensure that the transaction is processed.

If the resubmission has been denied multiple times, it is strongly recommended that the Organization contact the responsible Account Manager for additional guidance and/or a case-specific approval.

E. *Transaction Inquiries*

To follow up on specific previously-submitted adjustment transactions, an inquiry may be made via "Transaction Inquiry" in eRPT or telephone to our Client Services Department. For inquiries sent via eRPT, Organizations are advised to complete the RPC Transaction Inquiry Excel template as instructed below.

Completing the RPC Transaction Inquiry Excel Template:

1. Input the following information associated with the submitted transaction:
    a. Inquiry Type (select the type of inquiry for this transaction)
    b. Explanation (If you selected "Question on Rejection" or "Other," please include a brief explanation on your inquiry)
    c. Beneficiary ID (beneficiary's Beneficiary ID)
    d. First Name (beneficiary's first name)
    e. Last Name (beneficiary's last name)
    f. Contract Number (contract number associated with the transaction)
    g. PBP Number (if appropriate)
    h. Transaction type (e.g. Enrollment, LIS, Reinstatement, etc...)
    i. Effective Date
    j. RPC Receipt Date (the day eRPT provided the notification the RPC downloaded the package)
    k. The eRPT Package ID for the Submission Package

2. Create a Transaction Inquiry package in eRPT, upload the completed RPC Transaction Inquiry, and select "Submit" to send it to the RPC for review.

The RPC Transaction Inquiry is available on the RPC's website (*http://www.reedassociates.org/*) in the **RPC Client Services** section.

Note: Organizations should not submit duplicate transactions unless the RPC specifically requests that duplicate information be submitted. All other general processing inquiries that are not case specific can be made via e-mail or by phone.

RPC's Client Services Department:

Reed & Associates, CPAs – CMS RPC
Attn: Client Services Department
1010 South 120th Street, Suite 300
Omaha, Nebraska 68154
Phone: (402) 315-3660
E-mail: clientservices@reedassociates.org

Furthermore, all system issues and questions regarding the eRPT application should be forwarded to the MAPD Help Desk (email: MAPDHelp@cms.hhs.gov; phone: 1-800-927-8069). Although the RPC relies heavily on the eRPT application, its development and maintenance is managed by another CMS contractor. Therefore, the RPC can only provide limited support regarding the application.