

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)

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January 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.

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/](http://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](mailto: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](mailto:Sue.Knefley@cms.hhs.gov) or 410-786-0488.

Sincerely,

/S/

Barbara Coulter Edwards  
Director

cc:

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Division of Medicaid and Children's Health

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American Public Human Services Association

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Page 3 – State Medicaid Director  
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