



APR 29 2005

Dear Tribal Leader:

The purpose of this letter is to inform Tribes, Tribal organizations, and Urban Indian programs (T/Us) of activities essential to successful implementation of the Medicare Prescription Drug Benefit (Medicare Part D). This permanent drug benefit authorized in the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, begins January 1, 2006, with the expiration of the Medicare Prescription Drug Discount Card and the Transitional Assistance program. This drug benefit will provide a new resource for Medicare beneficiaries who may not have had coverage to receive drugs through enrollment in a Medicare Prescription Drug Plan (PDP) or Medicare Advantage Plan (MA-PD), otherwise known as "Medicare Part D" plans. The IHS Medicare beneficiaries who receive drug coverage through Medicaid will be required to convert to the Medicare Prescription Drug Benefit. To receive reimbursement, the Indian Health Service (IHS), Tribes, Tribal organizations, and Urban Indian programs (I/T/Us) will be required to bill the various Medicare Part D plans that enroll our patients.

You will need to be aware of the following items as you start to prepare for the Medicare Prescription Drug Benefit:

1. **Billing** – To be able to bill for pharmaceuticals, sites will need a seven-digit National Council for Prescription Drug Programs (NCPDP) or an Alternate Site Enumeration Program (ASEP) number. The NCPDP number is a unique identifier for pharmacies to use when they bill third-party payers for pharmaceuticals. The ASEP number is an identifier for sites without a pharmacy where prescribers dispense medications. These sites are also known as dispensaries. Information about the NCPDP and ASEP programs is available at http://www.ncdp.org/main_frame.htm. Once at this Web site, click on "NCPDP Provider ID." While almost all T/U pharmacies have an NCPDP number, very few sites without pharmacies have an ASEP number. Either an NCPDP or an ASEP number will be needed when T/U sites sign contracts or billing agreements with Medicare Part D plans.

Medicare Part D plans do not have a listing of T/U dispensaries and will not send contracts or agreements to them unless the T/U dispensaries contact the individual plan directly or provide contact information to IHS Headquarters. The dispensaries can send their contact name, address, phone number, and e-mail address to CAPT Robert Pittman, IHS Principal Pharmacy Consultant, IHS Headquarters, to be added to the list of I/T/U pharmacies that will be made available to the Part D plans.

2. **Training** – The IHS and Centers for Medicare and Medicaid Services (CMS) are planning two training sessions per IHS Area on the Medicare Prescription Drug Benefit. The first training session for each Area is scheduled for May or June 2005 (see Attachment A –

Training Information). The T/Us will need to work with the Area Office point of contact to ensure that appropriate individuals (e.g., from patient registration, the billing office, and the pharmacy) at each site attend these training sessions. The second training for each Area is expected to take place in September 2005.

3. Contracting – Current Medicaid beneficiaries who are eligible for Medicare will have their prescription drug coverage changed from Medicaid to a Medicare PDP or an MA-PD starting on January 1, 2006. The I/T/Us will need to have contracts or agreements in place with Medicare Part D plans to be able to bill for medications dispensed to Medicare beneficiaries. The IHS, the CMS, Tribal Technical Advisory Group (TTAG), and Tribal consultants developed IHS-specific and T/U-program-specific addenda for Part D plans to use when developing contracts or agreements for I/T/U pharmacies and dispensaries (see Attachment B – Current Status of Part D Implementation and Attachment C - T/U program addendum).

The I/T/Us may receive up to 40 contracts or agreements from the Part D plans asking I/T/U pharmacies to participate in the plans' pharmacy network. The T/Us will need to review these contracts or agreements, negotiate any needed changes, and have contracts or agreements in place by early summer 2005 (most plans will ask for a 45-day turn around time). The T/Us will need to review the contracts to determine if the addendum issues are addressed, if the proposed reimbursement rate is acceptable, and if there are any T/U-specific issues they wish addressed.

The IHS direct care sites have been asked not to proceed with the contracting process but to report plan contact information to CAPT Pittman. A contract or agreement addendum specific to IHS direct care sites has been developed (go to <http://www.cms.hhs.gov/pdps/ihsaddendum021605.pdf>). The IHS Headquarters staff will review plan contracts or agreements for all IHS direct sites, negotiate changes as needed, and complete the contracting process.

4. Outreach and Education – The T/Us are encouraged to develop outreach and education plans, programs, and materials to inform staff and beneficiaries about the Medicare Prescription Drug Benefit and the process for completing the Low Income Subsidy (LIS) Application (to be mailed to beneficiaries by the Social Security Administration in May 2005). The LIS will assist individuals with premium payments, deductions, and cost share payments. Each IHS Area Office and CMS staff will be available to assist in this process.
5. The CMS Web site – The CMS Tribal Government Information Web site will provide periodic updates about the Medicare Prescription Drug Benefit for Tribal Leaders. Tribal Leaders and Urban Program Directors are encouraged to visit the CMS Web site frequently at <http://www.cms.hhs.gov/medicarerereform/pdbma/tribal.asp>.

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Additional information and materials are enclosed providing basic information about the Medicare Prescription Drug Benefit (see Attachment D). If you have questions about this program, please contact your Area Office point of contact, or contact CAPT Pittman at (301) 443-1190 or Robert.pittman@ihs.gov.

Sincerely yours,

A handwritten signature in cursive script that reads "Charles W. Grim, DDS". The signature is written in dark ink on a light-colored background.

Charles W. Grim, D.D.S., M.H.S.A.
Assistant Surgeon General
Director

Emclosures

- Attachment A- Medicare Part D Training Information
- Attachment B- Current Status of Part D Implementation
- Attachment C- T/U Program Addendum
- Attachment D- Summary of Medicare Prescription Drug Benefit