

Special Endorsement for Territories, Indian Health, and Long Term Care



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*Pre-Application Conference for the Medicare Prescription Drug Discount Card
and Transitional Assistance Program – December 18 & 19, 2003*

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What is Special Endorsement?

- A bestowment made to applicants through a competitive process
- Entails privileges and responsibilities
 - Special endorsed sponsor becomes one of a select few to work with one or more special population
 - Must accommodate the special needs of these populations

Why is CMS providing Special Endorsement?

- Unique provisions for American Indians, LTC residents, and residents of the territories
- Requirements for endorsement differ for each one, and from general endorsement
- Not populations typically captured by today's discount card market
 - Special endorsed sponsors may need technical assistance from CMS
 - More efficient to address statutory requirement, implement program for special populations

Why should applicants be interested in Special Endorsement?

- Useful experience for future work with these populations (i.e., Part D)
- Additional covered lives
- Can market special endorsement
- Technical assistance from CMS
- CMS will highlight award of special endorsement on web site
- Expedited marketing material review for both special and general endorsement

Who should apply for Special Endorsement?

- All interested applicants are strongly encouraged to apply for one or more special endorsement
- Application process:
 - Supplemental sections to application for general endorsement
 - Instructions in solicitation
 - Due with general application

Selection Criteria

- In general, criteria include:
 - Experience with and understanding of unique pharmacy operations
 - Inclusiveness/service area
 - Completeness/feasibility of plans
 - Timeline and resources for implementation
- Criteria further customized for each special endorsement

Number of Special Endorsements to be Awarded

- **Territories: at least one**
(one may be sufficient as special endorsed sponsor must cover all territories)
- **Indian Health: at least two**
(may need more than 2 to cover all States with Indian Health Service, Indian Tribe and Tribal Organization, and Urban Indian Organization pharmacies)
 - Note: service area for special endorsement need not be the same as for general endorsement
- **LTC: at least two**
(may need more than 2 to cover all States)
 - Note: service area for special endorsement need not be the same as for general endorsement

Special Endorsement for Territories

■ Statutory provisions:

■ Discount card only:

- Secretary may waive requirements insofar as it is necessary to secure access to negotiated prices for residents of the territories

■ Transitional assistance:

- Territories may submit a plan to CMS to receive some portion of a \$35 million grant to provide prescription drugs to low income beneficiaries

(See sections 1860D-31(j)(1) and (2) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003)

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Special Endorsement for Territories, Cont.

- Special endorsement for the territories involves providing negotiated prices only
- Transitional assistance is entirely separate and distinct program – sponsors will not be involved

Territories Background

- Territories include:
 - American Samoa
 - Commonwealth of the Northern Mariana Islands
 - Guam
 - Puerto Rico
 - Virgin Islands
- Nearly 600,000 Medicare beneficiaries, all eligible for discount card

Territories Pharmacy Background

- Retail pharmacies not typically part of pharmacy networks
- Mail order to the territories occurs today

Special Endorsed Sponsor Responsibilities

- Make available negotiated prices to residents of all of the territories by:
 - Offering the endorsed discount card program in all of the territories
 - Making a good faith effort to contract with retail pharmacies
 - Offering mail order to all accessible areas of all the territories
 - Providing outreach to beneficiaries in the territories and educating them to ensure mail order is well understood

Waivers from General Requirements

- Automatic waivers:
 - Pharmacy network access standards
 - Waiver allows mail-order only if effort to contract with retail pharmacies is unsuccessful
 - Make available at retail pharmacies differential in price between purchased brand and generic equivalent
- Other waivers may be requested in the application

Special Endorsement for Indian Health

- Statutory provision:
 - Secretary shall ensure that pharmacies of the Indian Health Service, Indian Tribes and Tribal Organizations, and Urban Indian Organizations (I/T/U), have the opportunity to participate in the networks of at least two endorsed programs, *for the purpose of administering the \$600*

(Paraphrased from section 1860D-31(g)(5)(B) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003)

I/T/U Pharmacy Background

- 201 pharmacies in 27 states
- Among 107,000 senior and disabled users of the Indian Health Service, estimated 18,000 may be eligible for TA
- Pharmacies:
 - Purchase drugs off Federal Supply Schedule
 - Only serve American Indians/ Alaska Natives (AI/ANs)
 - Do not charge copays/coinsurance
 - Stock more limited set of drugs

Special Endorsed Sponsor Responsibilities

- Administer transitional assistance through I/T/U pharmacies
 - Special endorsed sponsors will not be asked to offer negotiated prices through I/T/U pharmacies
 - Consistent with statute
 - Logical, as Federal Supply Schedule prices will almost always be lower than negotiated price
 - I/T/U users don't have out-of-pocket expenses

Special Endorsed Sponsor Responsibilities, Cont.

- Must offer a contract to every I/T/U pharmacy in its service area
 - If pharmacy does not accept contract, special endorsed sponsor will not be required to process claims
- Accommodate current operating practices. Contracts must:
 - Allow I/T/Us to serve only AI/ANs
 - Allow I/T/Us to stock drugs according to existing practices
 - Allow pharmacy to waive copayments

Special Endorsed Sponsor Responsibilities, Cont.

- Allow AI/ANs to obtain discounts and apply TA at other network pharmacies, including mail order, if offered
- Educate enrollees that I/T/Us in network are open to AI/ANs only
- Provide outreach to AI/ANs
- Coordinate enrollment activities with IHS
 - IHS interested in taking active role in enrolling AI/ANs, as AI/ANs have little incentive to enroll, but IHS has significant incentive for I/T/U users to enroll

Waivers from General Requirements

- Automatic waivers:
 - All requirements having to do with prescription drug offering
 - Includes negotiated prices, formulary, and reporting differential in price between purchased brand and generic equivalent
 - Make available amount of TA remaining
- Other waivers may be requested in the application

Special Endorsed Sponsor without General Endorsement

- We will consider applications for special endorsement for Indian Health even if applicant is not applying for general endorsement
- Applicant will need to make case for each waiver requested that applies to general endorsement and provide strong rationale for stand-alone special endorsement

Special Endorsement for Long Term Care

- Statutory provision:
 - Secretary shall ensure that sponsors provide arrangements with pharmacies that support long term care facilities to ensure access to transitional assistance for transitional assistance eligible individuals who reside in long term care facilities

(Paraphrased from section 1860D-31(g)(5)(A) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003)

Long Term Care Pharmacy Background

- LTC pharmacies defined to mean nursing facilities and skilled nursing facilities
- About 3,000 pharmacies¹ (both LTC-only and retail) support more than 16,000 LTC facilities
- Among 1.3 million Medicare beneficiary residents, estimate as many as 200,000 may be eligible for TA

¹ Source: ASCP

Long Term Care Pharmacy Background, Cont.

- To assure safety and quality, LTC residents “locked in” to a particular pharmacy
- Prescriptions coordinated by LTC facility and LTC pharmacy under medical benefit
- Prescriptions often specially packaged

Special Endorsed Sponsor Responsibilities

- Administer transitional assistance through LTC pharmacies
 - Special endorsed sponsors will not be asked to offer negotiated prices through LTC pharmacies
 - Consistent with statute
 - Simplifies administration

Special Endorsed Sponsor Responsibilities, Cont.

- Must offer a contract to every LTC pharmacy in its service area
- If pharmacy does not accept contract, special endorsed sponsor must process claims regardless, so long as TA remains
- Accommodate current operating practices. Contracts must:
 - Allow LTC pharmacies to serve only residents of LTC facilities they are contracted to serve
 - Process special transaction type, if necessary (e.g., X12 versus NCPDP)
 - Process late claims without penalty

Special Endorsed Sponsor Responsibilities, Cont.

- Educate regular card enrollees that LTC pharmacies in network are not available to enrollees at large
- Provide outreach to LTC residents and/or their care givers

Waivers from General Requirements

- Automatic waivers:
 - All requirements having to do with prescription drug offering
 - Includes negotiated prices, formulary, and reporting differential in price between purchased brand and generic equivalent
 - Make available amount of TA remaining
- Other waivers may be requested in the application

Special Endorsed Sponsor without General Endorsement

- We will consider applications for special endorsement for LTC even if applicant is not applying for general endorsement
- Applicant will need to make case for each waiver requested that applies to general endorsement and provide strong rationale for stand-alone special endorsement