Dear Ryan White HIV/AIDS Program Grantees:

The Affordable Care Act, Public Law 111-148, changed which out-of-pocket expenses count towards the Medicare Part D annual out-of-pocket threshold. Beginning January 1, 2011, AIDS Drug Assistance Programs (ADAPs) will become what the Centers for Medicare and Medicaid Services (CMS) refer to as “TrOOP (True-Out-Of-Pocket) eligible payers.” Medicare Part D Plan sponsors will be required to include Ryan White HIV/AIDS Part B ADAP expenditures covered for Part D drugs towards the TrOOP limit of Medicare Part D enrollees.

Consequently, ADAP clients who are Medicare Part D enrollees will now be able to move through the coverage gap phase into the catastrophic coverage phase when Part D covered drugs will be available at a nominal cost (e.g., copayments of $2.50 or $6.30 or 5 percent coinsurance, whichever is greater). Prior to this change, it was difficult, if not impossible, for ADAP members to reach the catastrophic phase.

The Affordable Care Act changes will allow ADAPs to calculate individual client costs that can offset the Program, and the expenditures counting towards TrOOP will be different from State to State. Medicare Part D Plans are required to coordinate benefits with other providers of prescription drug coverage, such as ADAPs, as long as the payer participates in the online coordination of benefits (COB) process. TrOOP calculations will automatically happen at the time other payer claims are adjudicated at the pharmacy or point-of-sale by using the TrOOP Facilitation Contractor. This CMS process is already utilized by some ADAPs because of the infrastructure utilized for State Pharmacy Assistance Programs (SPAPs) and other secondary payers for Medicare Part D.

Payments for incurred costs during the coverage gap must be for covered Part D drugs and paid for by a TrOOP eligible payer such as a Part B ADAP under Part B of Title XXVI of the Public Health Service Act. These costs must be flagged as being from ADAP to ensure they are counted for TrOOP. This new provision in the Affordable Care Act treats ADAP funds the same as assistance provided by SPAPs. To ensure ADAP expenses are accurately accounted for in the TrOOP calculation, the ADAPs must participate in data sharing with the CMS COB contractor. In order to participate in the COB process, ADAPs must sign a data sharing agreement with CMS and submit electronic enrollment files with specific information that will be provided to the TrOOP facilitation contractor. The enrollment file must include a unique identification number or RxBIN/Processor Control Number for Medicare Part D enrollees. The specific steps ADAPs need to take are further explained in the enclosed letter from CMS.
Counting ADAP as TrOOP will get Medicare beneficiaries through the coverage gap phase of the Part D benefit more quickly, while allowing ADAP’s limited resources to be used more effectively. We understand the importance of this provision to both Program Grantees and beneficiaries and encourage all ADAPS to develop the data systems necessary to take advantage of Part D TrOOP process in 2011. In order to help answer your questions and ensure a timely understanding of the changes, in the following weeks, the HIV/AIDS Bureau, in collaboration with CMS, will schedule a Webinar session for all Part B Grantees and ADAPs. This session will present the changes related to TrOOP and the specific technical requirements for participation.

Enclosed is a letter from CMS that includes specific technical information to the grantees, including the ADAP Data Sharing Agreement User’s Guide and frequently asked questions. If you have additional questions, please contact your project officer.

Sincerely,

Deborah Parham Hopson, PhD, RN, FAAN
Assistant Surgeon General
Associate Administrator

Enclosure