TrOOP: All You Need to Explain it Properly

Presented by:

Tim Jones, R.Ph., Vice President, CCRx; Brian Eidex, NDC Health

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Evaluation # 05- 133
Troop - All You Need to Explain it Properly

Learning Objectives:

1. Explain how true out of pocket (TrOOP) costs factor into the Medicare Part D standard benefit design.

2. Discuss the rationale for creating a TrOOP/COB claims routing system to measure TrOOP costs.

3. Describe the TrOOP/COB electronic system and its implications on community pharmacy workflow.
TrOOP Defined

- TrOOP = “True Out of Pocket Costs”
- The amount the beneficiary must spend on Part D covered drugs in order to reach the catastrophic coverage period
- The TrOOP amount can change annually
- For 2006, the total TrOOP amount is $3,600

2006 Standard Benefit

<table>
<thead>
<tr>
<th>Benefit Period</th>
<th>From</th>
<th>To</th>
<th>TrOOP Tracking (per period)</th>
<th>TrOOP Tracking (cumulative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Deductible</td>
<td>$0</td>
<td>$250</td>
<td>100%</td>
<td>$250</td>
</tr>
<tr>
<td>Initial Coverage</td>
<td>$250.01</td>
<td>$2,250</td>
<td>25%</td>
<td>$500</td>
</tr>
<tr>
<td>Coverage Gap</td>
<td>$2,250.01</td>
<td>$5,100</td>
<td>100%</td>
<td>$2,850</td>
</tr>
<tr>
<td>Catastrophic Coverage</td>
<td>$5,100.01</td>
<td>no max</td>
<td>~5%</td>
<td>no max</td>
</tr>
</tbody>
</table>
### Low Income Beneficiaries

<table>
<thead>
<tr>
<th>Income</th>
<th>Premium / Deductible</th>
<th>Copayments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most Dual Eligibles</td>
<td>$0 / $0</td>
<td>$1 for generic / $3 other until $5,100 in total drug spend</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$0 for catastrophic coverage</td>
</tr>
<tr>
<td>Below 135% of FPL</td>
<td>$0 / $0</td>
<td>$2 for generic / $5 other until $5,100 in total drug spend</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$0 for catastrophic coverage</td>
</tr>
<tr>
<td>Below 150% of FPL</td>
<td>Sliding Scale Premium / $50</td>
<td>15% of drug costs from $50 to $5,100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$2 for generic / $5 other for catastrophic coverage</td>
</tr>
</tbody>
</table>

FPL = Federal Poverty Level

### TrOOP History

- Two options initially considered by CMS
  - “Many-to-Many” Option – TrOOP implementation and cost tracking would be left entirely to PDP and MA-PD plans
  - “Many-to-One” Option – Development of a TrOOP infrastructure via a “TrOOP Facilitator” which would serve as a single point of contact for all claims and enrollment data

- Industry workgroup representing multiple facets of the pharmacy industry (including community pharmacy, chain pharmacy, payors, processors, and others) was organized to assist CMS in the development of requirements for the much favored “many-to-one” option for TrOOP implementation
- Early 2005, RFP process initiated by CMS
TrOOP Facilitator

• On May 11, 2005, CMS awarded a single contract to NDCHealth as the TrOOP facilitator for Medicare Part D
• Through this agreement, NDCHealth will facilitate:
  – Eligibility Transaction
  – TrOOP Process

Eligibility Transaction

• Pharmacies use this service:
  – When the patient does not have their Part D plan card or information
  – To retrieve information needed for billing a claim to a patient’s insurance plans
  – To determine billing order
• Service leverages
  – Real-time submission and response
  – NCPDP standards

TrOOP Process

• Service enables Part D plans to properly calculate TrOOP balances for patients.
• Service leverages
  – Current real-time workflow between pharmacies, switches, and payers
  – NCPDP standards
Keeping Track of TrOOP

- Part D Plans (PDPs and MA-PDs) are responsible for the tracking of TrOOP costs for beneficiaries enrolled in their plans
- TrOOP process allows Plans the best opportunity to accurately track TrOOP costs
- Plan’s current information will always be the basis for beneficiary cost

Keeping Track of TrOOP

- Beneficiary must either pay or decline purchase if disagreement at pharmacy
- Fluctuation in TrOOP possible due to failure to pick up Rx, corrected Rx, etc.

Valid TrOOP Payments

- Payments counting towards TrOOP may be made by:
  - Beneficiary
  - Another Individual (i.e., family member or friend)
  - State Pharmaceutical Assistance Program
  - Personal Health Savings Vehicle (Flexible Spending Account, Health Savings Account, or Medical Savings Account)
  - Charities
Invalid TrOOP Payments

- Payments that do not count towards TrOOP:
  - Monthly Part D Premiums
  - Group Health Plans (i.e., employer or retiree plans)
  - Government Programs (i.e., TRICARE, VA, etc.)
  - Non-SPAP State Programs
  - Workers’ Compensation
  - Supplemental or Enhanced Part D Plan Benefits
  - Automobile / No-Fault / Liability

Eligibility Process Flow

Pharmacy  Switch  Eligibility Facilitator

Eligibility Transaction Details

- Information in the E1 Request
  - Patient’s Date of Birth
  - Patient’s First Name
  - Patient’s Last Name
  - Patient’s ZIP Code
  - Patient’s Cardholder ID, which can be:
    • Medicare Part A or B ID
    • Last four digits of the Social Security Number
Eligibility Transaction Details

- Information in the Response
  - Billing Order
  - BIN
  - PCN
  - Group
  - Cardholder ID
  - Person Code
  - Plan Help Desk Telephone Number

Eligibility Financial and Legal Considerations

- Facilitator is charging $0.015/transaction
  - Common fee to entire industry
  - Switches will charge existing routing/switching fees to pharmacies
- Contract is required with entity currently providing switching services:
  - Pharmacy System Vendor OR
  - Non-Facilitator switch OR
  - Facilitator (new contract required)
- The Facilitator is establishing a standard agreement for all pharmacies and pharmacy system vendors

Testing and Certification

- Connectivity
  - Facilitator has already performed evaluation of existing lines and servers to support additional volumes
  - For questions or concerns, send email to troopquestions@ndchealth.com
- Transactions
  - Not formal certification as conducted with v5.1 conversion
  - System will be available for delivery of test transactions
  - Industry testing begins mid-October
  - System will be in production November 15th, when CMS begins to auto-enroll and patients begin enrolling
Part D Plan returns the supplemental insurance coverage information in the response.

Using a switch is optional.

TrOOP Real-Time Process Flow
Part D Transactions

TrOOP Real-Time Process Flow
Supplemental Transactions

Using a switch is Required.

TrOOP Offline Process Flow
Financial and Legal Considerations

- Pharmacies and Pharmacy System Vendors
  - Pay switching fees at currently contracted rates
  - Do not pay for the TrOOP (N) transactions delivered to the Part D plans or to CMS
  - No new agreements are needed for TrOOP transactions

Common Questions

- Can I use a non-NDCHealth switch for Eligibility transactions?
  - Yes. NDCHealth is currently working with other switches in the industry, and has established standard relationships with the switches. Pharmacies and vendors can utilize their existing switching company for the routing of their transactions.

Common Questions

- Can I use a non-NDCHealth switch and still support the Part D TrOOP process?
  - Yes. Part D plan claims can be sent through your existing lines either to a switch or directly to the payer. If you choose to send your Part D plan claims to a switch, you are not required to select NDCHealth as your switch. Supplemental claims must be delivered through a switch; however, you are not required to select NDCHealth as your switch. Due to established relationships between NDCHealth and other switches, necessary data will be delivered to the Facilitator (NDCHealth) for proper reporting to the Part D plan.
Common Questions

• How can I access the E1 specifications?
  – Go to http://medifacd.ndchealth.com and click on the Pharmacies link at the top of the page and then the Payers Sheets link on the left of the page.

Common Questions

• Can you explain when new BIN/PCNs are being assigned by plans?
  – Part D plans are not required to establish new BIN/PCN combination even though some may choose to do so. Non-Part D plans with beneficiaries that are enrolled in Part D must establish unique BIN/PCN combinations so that switches can identify the claims submitted on behalf of these beneficiaries and deliver needed information to the Facilitator (NDCHHealth) during the course of the real-time billing claim. Without this unique information, switches could not route the claim information to the Facilitator, nor could TrOOP balances be updated in real-time.

Common Questions

• Will the Facilitator support real-time processes on January 1, 2006?
  – The systems that will be available on January 1, 2006 fully support real-time processing of transactions. The Facilitator and CMS strongly encourage the use of the real-time processing environment however will provide support for batch processing.
Common Questions

• Where can I get more information?
  – For more information, please:
    • Go to: http://medifacd.ndchealth.com
    • Contact your pharmacy network or application provider
    • Contact your NDHealth Account Manager
    • Send questions to: troopquestions@ndchealth.com

Common Questions

• Will the beneficiary receive any periodic reports about how much has been paid in TrOOP?
  – Beneficiaries will receive a periodic statement from their Medicare plan showing how much they have spent for the year and where they stand in relation to the TrOOP threshold. Statements must be provided at least monthly if the beneficiary is using benefits; however, if there is no activity on the beneficiary’s account, the plan does not have to provide statements.

Common Questions

• How will TrOOP balances be provided to pharmacies?
  – It will not be provided to the pharmacies. PDPs are responsible for calculating TrOOP and for answering questions regarding that TrOOP calculation. Pharmacies and patients should contact the Part D plan for questions regarding TrOOP balances.
Common Questions

• What are other sources of information on TrOOP?
  – www.cms.hhs.gov
  – www.cms.hhs.gov/map/map.asp
  – www.medicareresourcecenter.com
  – www.ncpanet.org
  – questions.cms.hhs.gov

Questions
Learning Assessment Questions:

1. In 2006, what is the total TrOOP amount to reach catastrophic coverage?
   A. $1,800
   B. $2,400
   C. $3,600
   D. $4,600
   E. $5,100

2. After consulting with the pharmacy industry, the Centers for Medicare & Medicaid Services (CMS) decided to adopt a "many-to-many" concept for TrOOP implementation.
   A. True
   B. False

3. Which of the following is not a function of the TrOOP facilitator?
   A. Eligibility verification
   B. Medication therapy management risk verification
   C. Calculation of true out-of-pocket costs
   D. All are functions of the TrOOP facilitator

4. Who is ultimately responsible for the tracking of TrOOP costs?
   A. Part D plan
   B. Beneficiary
   C. Pharmacy
   D. TrOOP facilitator

5. Which of the following is not a valid TrOOP payment?
   A. Payment from a qualified State Pharmaceutical Assistance Program
   B. Payment from a Personal Health Savings Vehicle
   C. Payment from a employer or retiree plans
   D. Payment from a charity
Learning Assessment Answers:

1. In 2006, what is the total TrOOP amount to reach catastrophic coverage?
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