

Section 1860D–31(c)(2) of the Act provides that endorsed sponsors may charge an annual enrollment fee up to, but no more than, \$30 per year. Discount card enrollees, other than transitional assistance enrollees, must pay this fee to their endorsed sponsors. We discuss enrollment fees in greater detail in section II.C.6. of the document.

A discount card enrollee will remain enrolled in the same endorsed program for CYs 2004 and 2005 and the transition period unless the beneficiary changes endorsed programs following the annual coordinated election period, the beneficiary disenrolls, or the endorsed card program terminates, as provided in § 403.811(a)(8) of our regulations. This means that a beneficiary remaining enrolled in an endorsed program with an annual enrollment fee from CYs 2004 to 2005 is responsible for paying any new annual enrollment fee for 2005.

Section 1860D–31(c)(4) of the Act gives the Secretary the discretion to establish the date upon which access to an endorsed program's negotiated prices will take effect. We specify in § 403.811(a)(11) of our regulations that the date upon which the beneficiary can access negotiated prices is the date when a beneficiary's enrollment in an endorsed program becomes effective.

Under the Secretary's authority to develop an enrollment process under section 1860D–31(c)(1) of the Act, and as stated in § 403.814(b)(5) of the regulations, if a Medicare managed care organization limits enrollment in an exclusive card program to members of one or more of its Medicare managed care plans, we will permit the Medicare managed care organization to automatically enroll, or group enroll, into its exclusive card program eligible individuals enrolled in the Medicare managed care plan(s), unless such beneficiaries affirmatively notify the Medicare managed care organization of their desire not to enroll in its exclusive card program. Prior to group enrolling such beneficiaries in its exclusive card program, the Medicare managed care organization must notify its eligible members of its intent to do so and inform them of their right not to enroll. As provided in § 403.814(b)(6) of our regulations, a member affirmatively electing not to enroll in the exclusive card program offered as part of the benefit package available through his or her Medicare managed care plan is ineligible to enroll in any other endorsed program.

We believe our permitting group enrollment will not limit the voluntary nature of this program because section 1860D–31(c)(1)(E) of the Act restricts

members of a Medicare managed care plan offering an exclusive card program to enrollment in the exclusive card program. In addition, group enrollment will not impose on these beneficiaries any unwanted cost without consent since they will have the opportunity to decline enrollment in the exclusive card program.

#### 4. Applying for Transitional Assistance

As provided in § 403.811(a)(12) of our regulations, beneficiaries may apply for transitional assistance at the same time that they apply for enrollment in the Medicare drug discount card program, or after they have already enrolled in the program. We permit beneficiaries to apply for transitional assistance at any time because discount card enrollees may, following their enrollment in the program, have a change in their economic circumstances or outpatient drug coverage that would qualify them for transitional assistance.

Beneficiaries wishing to receive transitional assistance must complete the standard enrollment form for transitional assistance, which is described in greater detail in section II.C.6. of this document. The standard enrollment form will require the beneficiary to indicate all elements necessary to determine eligibility, including, but not limited to, the amount of the beneficiary's income (or, for married individuals, the beneficiary and spouse's combined income), the beneficiary's family size, and whether the beneficiary has outpatient prescription drug coverage under certain sources.

As required by section 1860D–31(f)(2)(A) of the Act, a beneficiary applying for transitional assistance must certify, on the standard enrollment form, under penalty of perjury or similar sanction for false statements, that to the best of the beneficiary's knowledge the information he or she provides is accurate. We therefore require in § 403.810(b)(5) of our regulations that beneficiaries wishing to receive transitional assistance sign the enrollment form. This signature represents the beneficiary's certification that the information provided on the form is accurate to the best of the beneficiary's knowledge, as well as his or her consent to our verifying the accuracy of the information provided, including verification of the beneficiary's income using Federal sources of income data. Consequently, beneficiaries wishing to apply for transitional assistance must submit to the endorsed sponsor a dated and signed enrollment form by mail or, at

the endorsed sponsor's discretion, by facsimile.

#### a. Coinsurance

Under section 1860D–31(g)(1)(B) of the Act and as provided in § 403.808(e) of our regulations, a transitional assistance enrollee is entitled to have payment made of 90 or 95 percent, depending on the beneficiary's income, of the charges incurred for covered discount card drugs obtained through the Medicare drug discount card program, up to the total amount of transitional assistance available to that beneficiary. Transitional assistance enrollees with incomes greater than 100 percent but no more than 135 percent of the poverty line applicable to their family size are responsible for paying 10 percent of the charge for covered discount card drugs obtained under the program. Transitional assistance enrollees with income not greater than 100 percent of the poverty line applicable to their family size are responsible for paying 5 percent of the charge for a covered discount card drug.

#### b. Proration

Section 1860D–31(g)(2)(A) of the Act provides that transitional assistance beneficiaries may receive up to \$600 each year in transitional assistance. However, section 1860D–31(g)(2)(B) of the Act permits us to prorate the amount of transitional assistance available to beneficiaries applying for transitional assistance. We do not intend to prorate transitional assistance amounts in 2004 in recognition that it may take time for our education campaign to reach all beneficiaries and that beneficiaries need sufficient opportunity to learn about the Medicare drug discount card program without penalty. As provided in § 403.808(b) of our regulations, we will prorate the transitional assistance available to eligible enrollees applying for transitional assistance in 2005 based on the beneficiary application date according to the schedule set forth in Table 1. The beneficiary application date is the date upon which the endorsed sponsor receives from the beneficiary the complete enrollment form for transitional assistance. Beneficiaries disenrolling from an endorsed program for reasons that warrant a special election period, however, are not considered to have left the transitional assistance program and are not subject to proration should they elect another endorsed program during CY 2005.

We elect to prorate transitional assistance in 2005 because we believe that, by 2005, beneficiaries will have had ample time to learn about the