

Medicare drug discount card program. In addition, prorating transitional assistance encourages transitional assistance eligible beneficiaries to enroll in the Medicare drug discount card program as early as possible in order to maximize their transitional assistance amount, which in turn will increase the volume of covered discount card drugs obtained under an endorsed program and enhance an endorsed sponsor's ability to negotiate deeper discounts for discount card enrollees. We will calculate the amount of transitional assistance a transitional assistance enrollee may receive and notify endorsed sponsors of this amount.

TABLE 1.—2005 PRORATION SCHEDULE

Beneficiary application date	Amount payable
January 1–March 31, 2005 .....	\$600
April 1–June 30, 2005 .....	450
July 1–September 30, 2005 .....	300
October 1–December 31, 2005 ....	150

In accordance with section 1860D–31(g)(2)(A)(ii)(II) of the Act, and as provided in § 403.808(f) of our regulations, any transitional assistance remaining available to a transitional assistance enrollee on December 31, 2004 may be rolled over to 2005 and applied toward the cost of covered discount card drugs obtained under the Medicare drug discount card program during 2005. As provided in § 403.811(b)(5) of our regulations, transitional assistance enrollees who disenroll from the Medicare drug discount card program in 2004 and who are not eligible for a special election period as provided in § 403.811(b)(2) of our regulations, however, may not rollover any unused transitional assistance if they re-enroll in the program in 2005. Any transitional assistance remaining available to a transitional assistance enrollee on December 31, 2005 may be applied toward the cost of covered discount card drugs obtained under the program during the transition period provided the transitional assistance enrollee remains enrolled in the program through the end of 2005 and during the transition period.

As required by section 1860D–31(c)(2)(E) of the Act and as provided for in § 403.808(c) of our regulations, CMS will pay to an endorsed sponsor the annual enrollment fee, if any, for its transitional assistance enrollees.

Section 1860D–31(c)(4) of the Act gives the Secretary the discretion to establish the date upon which access to

transitional assistance through an endorsed program will take effect. As specified in § 403.811(a)(11) of our regulations, transitional assistance will be made available to beneficiaries determined eligible for transitional assistance beginning on the effective date of their enrollment in the transitional assistance program specified in their transitional assistance eligibility determination notice.

#### 5. Reconsideration of Eligibility

As discussed above, section 1860D–31(f) of the Act also provides for an eligibility determination process consisting of self-certification and, at the discretion of the Secretary, verification through data matching. For beneficiaries applying for the Medicare drug discount card program, we will verify their eligibility for the program by reviewing State data, for example, on beneficiaries with outpatient drug coverage under Medicaid or a section 1115 waiver demonstration. For beneficiaries applying for transitional assistance, we will verify their income by reviewing our data on their income and other retirement and disability benefits.

Section 1860D–31(f)(4) of the Act requires the Secretary to establish a reconsideration process for beneficiaries initially determined ineligible for transitional assistance. Under our authority to establish procedures for determining beneficiaries' eligibility for the Medicare drug discount card program, as provided for in section 1860D–31(f)(1)(A) of the Act, we also will establish a reconsideration process for beneficiaries initially determined ineligible for the program. Accordingly, as provided in § 403.810(g)(1) of our regulations, every beneficiary determined ineligible for the program and/or transitional assistance can request that we reconsider this determination.

A beneficiary will be given specific instructions on how to request reconsideration when he or she is notified of our negative eligibility determination. We will provide standardized language for this notice in the information and outreach materials that will accompany the solicitation, as discussed in section II.C.7. of this document. As provided in § 403.810(g)(2) of our regulations, reconsideration requests must be filed within 60 days from date of notice of a negative eligibility determination, unless the individual can demonstrate good cause for why the 60-day time frame should be extended.

Section 1860D–31(f)(4)(B) of the Act authorizes the Secretary, and

§ 403.810(g)(4) of our regulations provides that the Secretary will enter into a contract for the performance of reconsiderations. We will contract with an independent entity to conduct reconsiderations on our behalf. Finally, § 403.810(g)(3) of our regulations provides that beneficiaries requesting reconsideration may provide, in writing, to our reconsideration contractor additional documentary evidence or an explanation about his or her eligibility. The reconsideration contractor will provide the beneficiary a written final eligibility determination.

#### 6. Disenrollment and Enrollment in Another Endorsed Program

In accordance with section 1860D–31(c)(1)(D)(i) of the Act, § 403.811(b)(1) of our regulations provide that a discount card enrollee may voluntarily disenroll from an endorsed program at any time; however, such a beneficiary may only enroll in another endorsed program without having to re-apply and re-qualify under two conditions—during the annual coordinated election period or during a special election period, as described below.

Section 1860D–31(c)(1)(C)(ii) of the Act and § 403.811(a)(7) of our regulations provide that beneficiaries enrolled in an endorsed program in 2004 may elect to change endorsed programs during the annual coordinated election period from November 15 through December 31, 2004. The effective date of an enrollment election made during the annual coordinated election period will be January 1, 2005.

Under section 1860D–31(c)(1)(C)(i) of the Act, and as provided in § 403.811(a)(7) of the regulations, discount card eligible individuals generally may enroll in only one endorsed program during a calendar year. Beneficiaries voluntarily disenrolling from an endorsed program during the enrollment period, and not changing programs during the annual coordinated election period, may immediately enroll in another endorsed program during the enrollment period only under limited circumstances. Section 1860D–31(c)(1)(C)(iii) of the Act authorizes the Secretary to establish exceptions to the limitation of enrolling in only one endorsed card program per year. As specifically permitted by section 1860D–31(c)(1)(C)(iii) of the Act and as set forth in § 403.811(b)(2) of our regulations, a beneficiary disenrolling from an endorsed program for any of the following reasons is awarded a special election period and may enroll in another endorsed program at any time in the enrollment period.