

form to their endorsed sponsor. We expect endorsed sponsors to promptly transmit to us all standard data elements captured on a beneficiary's completed enrollment form.

Prior to transmitting to us any standard data elements, we expect that the endorsed sponsor will ensure that the beneficiary's enrollment form is complete. If a beneficiary's enrollment form is incomplete, the endorsed sponsor must promptly contact the beneficiary or return the beneficiary's incomplete application to him or her to obtain the missing information.

In addition to reviewing an enrollment form for completeness, endorsed sponsors are expected to review whether an enrollment form on its face indicates that the beneficiary is ineligible for the Medicare drug discount card program or, if applicable, transitional assistance. Specifically, if the beneficiary is applying to enroll in the endorsed sponsor's endorsed program, the endorsed sponsor should review the enrollment form to determine whether:

- The beneficiary resides within the endorsed program's service area; and
- The beneficiary has any outpatient drug coverage under a State Medicaid plan (including a 1115 waiver).

If the beneficiary is applying for transitional assistance, the endorsed sponsor must review the enrollment form to determine whether:

- The beneficiary has signed the form;
- The beneficiary's income as listed on the enrollment form exceeds 135 percent of the poverty line applicable to the beneficiary's family size;
- The beneficiary has coverage for outpatient covered discount card drugs under one or more of the following sources: (a) TRICARE, (b) a Federal Employee's Health benefit plan, or (c) a group health plan or health insurance coverage other than a Part C plan or a group health plan consisting solely of excepted benefits, such as Medigap; and
- The beneficiary does not reside in one of the 50 States or the District of Columbia.

We also expect endorsed sponsors to determine the appropriate coinsurance level for each transitional assistance enrollee based on the income information he or she provides on the standard enrollment form.

If the endorsed sponsor determines that the beneficiary is ineligible for its endorsed program or, if applicable, transitional assistance, the endorsed sponsor should promptly notify the beneficiary that he or she is not eligible. The endorsed sponsor may wish to discuss with the beneficiary whether the

individual wishes to make any changes to his or her enrollment form. Otherwise, the endorsed sponsor is expected to issue a notice of negative eligibility determination, as discussed in greater detail below.

As discussed in section II.A.3. of this document, if a beneficiary applies for transitional assistance when he or she applies for an endorsed program, the endorsed sponsor may not enroll the beneficiary in their endorsed program if the beneficiary is determined ineligible for transitional assistance. This requirement is specified in § 403.811(a)(3) of our regulations.

We will inform an endorsed sponsor of beneficiaries' eligibility for the sponsor's endorsed program and, if applicable, transitional assistance. If a beneficiary is determined ineligible for the endorsed sponsor's program and/or transitional assistance, we will inform the endorsed sponsor of the reasons for the negative determination. We expect endorsed sponsors to promptly notify a beneficiary in writing of any negative eligibility determination made either as a result of the endorsed sponsor's initial review of an individual's complete enrollment form (or information submitted as part of the enrollment process) or of CMS' verification process. If the beneficiary has been determined ineligible for the sponsor's endorsed program and/or transitional assistance, the notice must communicate to the beneficiary—

- The reason for the negative eligibility determination;
- The beneficiary's right to request reconsideration of the eligibility determination and the process for doing so; and
- If not determined eligible for transitional assistance, the beneficiary's option of enrolling in the endorsed program without access to transitional assistance.

The model information and outreach materials that will accompany information and outreach guidelines referenced in section II.C.7. of this document will include model language for these notices, as discussed under section II.C.7. of this document. Our reconsideration process is discussed in greater detail under section II.A.5. of this document.

The determination process for this program relies on self-certification and verification. As discussed above in section II.A.2. of this document, if, as part of our verification process for transitional assistance, we are unable to verify a beneficiary's ability to meet the income threshold specified in § 403.810(b)(3) of our regulations, we may direct endorsed sponsors to request

that the beneficiary submit additional income information. Section 403.810(f)(2) of our regulations provides that CMS can require such beneficiaries to fulfill this request as one condition of eligibility for transitional assistance.

Under section 1860D-31(c)(1)(A)(i) of the Act, and as provided in § 403.811(a)(10) of our regulations, a discount card eligible individual may enroll only in an endorsed program serving residents of the State in which he or she resides. Therefore, an endorsed sponsor may only enroll in its endorsed program beneficiaries that are residents of a State within the endorsed program's service area. We expect the endorsed sponsor to advise beneficiaries that those who change their address to an address outside the endorsed program's service area during the year must disenroll from the endorsed program and request a special election period if they wish to enroll in a new card program whose service area includes their new address. The model information and outreach materials to be provided with the information and outreach guidelines will include model language addressing this issue. We also plan to educate beneficiaries that any discount card eligible individual planning to change residence during the year should enroll in a national endorsed program.

As discussed under sections II.A.3. and II.G. of this document, Medicare managed care organizations may group enroll, into their exclusive card programs, eligible beneficiaries enrolled in those Medicare managed care plans that include access to an exclusive card program as part of the plan's benefit package. Prior to doing so, these organizations must notify affected plan members of their intent to enroll eligible beneficiaries as a group into their exclusive card program and grant beneficiaries ample opportunity to decline enrollment in the exclusive card program. We encourage organizations offering exclusive card programs to inform affected plan members that, if they decline enrollment in the exclusive card program, they will not be permitted to enroll in any other endorsed program.

Under § 403.814(b)(5)(iii) of our regulations, we permit exclusive endorsed sponsors electing to group enroll their plan members into their exclusive card program to use a modified version of the standard enrollment form provided such form has been submitted and approved by us along with the exclusive endorsed sponsor's other information and outreach materials. If a Medicare managed care organization group enrolls its plan members into its exclusive card