

program, any transitional assistance eligible beneficiary must be afforded the opportunity to apply for transitional assistance.

Section 1860D–31(c)(3) of the Act requires that endorsed sponsors issue a discount card to all of its discount card enrollees for use as proof of enrollment and to facilitate identification of the discount card enrollee and the appropriate endorsed program at the point of sale. Section 1860D–31(c)(3) of the Act gives the Secretary the discretion to specify a standard format for the discount cards. We require in § 403.806(g)(4) of our regulations that all discount cards follow a standard format that complies with National Council for Prescription Drug Programs standards. We will further discuss this format in our information and outreach guidelines.

b. Standard Enrollment Form

Section 1860D–31(c)(1)(B) of the Act requires endorsed sponsors to use a “standard” enrollment form that is specified by the Secretary. The standard enrollment form will collect eligibility data elements in a standard format for use by the endorsed sponsor and CMS in determining the beneficiary’s eligibility for the Medicare drug discount card program and, if applicable, transitional assistance. We interpret the requirement for a standard enrollment form to mean that, although such forms do not have to be identical, an endorsed sponsor’s enrollment form must contain certain data elements and language. These data elements will be specified in the information and outreach materials that accompany the solicitation, but will include:

- Information on eligibility criteria for the Medicare drug discount card program and transitional assistance;
- Documentation of a beneficiary’s request for a determination of his or her eligibility for the Medicare drug discount card program and enrollment in the endorsed sponsor’s endorsed program;
- Documentation (in the form of a signature) of a beneficiary’s request for a determination of his or her eligibility for transitional assistance and request for enrollment assuming eligibility determination is positive;
- Beneficiary’s income level and family size;
- Authorization to verify the information reported on the enrollment form, including the beneficiary’s income, if applicable; and
- Certification of whether the beneficiary has outpatient prescription drug coverage 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.

We have developed a standard enrollment form that is as easy to understand as possible. Endorsed sponsors may customize the layout, graphics, and language of their enrollment form so long as the form conforms to the requirements of this section and the information and outreach guidelines referenced in section II.C.7. of this document. An endorsed sponsor must submit to us its enrollment form along with its other information and outreach materials for our review and approval.

As specified in § 403.814(b)(5)(iii) of our regulations, a Medicare managed care organization offering an exclusive card program that wishes to group enroll its plan members into its exclusive card program may use a modified version of the standard form. Any such modifications must conform to the requirements we will specify in the information and outreach guidelines (see § 403.806(g)(5)(i) of our regulations).

c. Transition Period

As discussed in section II.B.2. of this document, we require endorsed sponsors to continue operating their endorsed program during the transition period, including providing its discount card enrollees access to negotiated prices during this period. In accordance with section 1860D–31(a)(2)(C)(ii)(II) of the Act, § 403.811(c)(6) of our regulations specifies that endorsed sponsors may not charge an annual enrollment fee during the transition period. In addition, as provided in § 403.808(f), endorsed sponsors must permit transitional assistance enrollees to apply any transitional assistance remaining available to them on December 31, 2005 toward the cost of covered discount card drugs obtained under the program during the transition period. Endorsed sponsors may not enroll any beneficiaries in their endorsed programs during the transition period.

d. Enrollment Fee

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.

Section 1860D–31(c)(2)(c) of the Act requires that an endorsed sponsor charge all beneficiaries residing in the same State the same enrollment fee. As specified in § 403.811(c)(4) of our

regulations, for endorsed programs with service areas larger than a State, the endorsed sponsor may charge a different annual enrollment fee in each State of up to, but not more than, \$30.

Section 1860D–31(c)(2)(G) provides that the Secretary may establish special rules with respect to payment of any annual enrollment by discount card enrollees who enroll in a new endorsed program during a calendar year. As provided in § 403.811(b)(7) of our regulations, when a discount card enrollee enrolls in a new endorsed program during a special election period, the endorsed sponsor of the new endorsed program may charge the discount card enrollee its annual enrollment fee. We allow the new endorsed sponsors to charge their annual enrollment fee because we believe that much of the enrollment fee covers the start-up costs of enrolling a beneficiary into an endorsed program.

Section 1860D–31(c)(2)(G) of the Act allows the Secretary to provide special rules regarding payment of the enrollment fee for discount card eligible individuals, which include transitional assistance enrollees who enroll in a new endorsed program during the calendar year. For transitional assistance enrollees who change endorsed programs during a special election period, we will pay any annual enrollment fee charged by the new endorsed program. Further, section 1860D–31(c)(2)(C) of the statute and § 403.811(c)(4) of the regulations provides for a uniform enrollment fee for all discount card enrollees. The requirement means that the Secretary will pay the same enrollment fee (if any) for individuals receiving transitional assistance that the endorsed sponsor is charging those not receiving transitional assistance and residing in the same State.

Section 1860D–31(c)(2)(A) of the Act, as reflected in § 403.811(c)(3) of our regulations, prohibits an endorsed sponsor from prorating its annual enrollment fee for portions of a calendar year. Accordingly, an endorsed sponsor that charges an enrollment fee must charge its discount card enrollees the same enrollment fee in a given calendar year, regardless of when during the calendar year the discount card enrollee enrolls in the endorsed sponsor’s endorsed program.

Section 403.811(a)(2) of our regulations provides that if the beneficiary indicates on the enrollment form that he or she only seeks to enroll in the endorsed sponsor’s endorsed program and is not seeking transitional assistance, the endorsed sponsor may charge the beneficiary an annual