

enrollment fee in a form and manner determined by the endorsed sponsor.

As discussed above in section II.A.3. of this document, and provided in § 403.811 (a)(3) of our regulations, beneficiaries may not enroll in an endorsed sponsor's endorsed program when they also apply for transitional assistance, unless they are determined eligible for transitional assistance at the time of application. To ensure that a beneficiary does not pay any enrollment fee prior to a determination of his or her eligibility for transitional assistance, § 403.811(c)(2) of our regulations provides that endorsed sponsors may not charge beneficiaries applying for transitional assistance any annual enrollment fee at the time of application. Should a beneficiary be determined eligible for transitional assistance and enrolled in the endorsed program, the endorsed sponsor may then charge CMS any enrollment fee. Beneficiaries determined ineligible for transitional assistance may apply for enrollment in an endorsed drug discount card program and, if found eligible to enroll in the endorsed program, must pay the annual enrollment fee (if any) in a form and manner determined by the endorsed sponsor.

As required in section 1860D–31(c)(2)(E) of the Act, and specified in § 403.808(c) of our regulations, we will pay any annual enrollment fee on behalf of transitional assistance enrollees. Should a discount card enrollee be determined eligible for transitional assistance after already enrolling in an endorsed program, we will pay the annual enrollment fee and the endorsed sponsor must immediately refund to the discount card enrollee, or any State that has paid the enrollment fee on behalf of the card enrollee, any annual enrollment fee for the calendar year previously paid by the discount card enrollee or State. If the discount card enrollee is first determined eligible for transitional assistance in 2005, we will not pay any enrollment fee for 2004 and the endorsed sponsor will not be required to refund to the discount card enrollee any enrollment fee paid by him or her in 2004. This policy is incorporated into § 403.811(c)(5) of our regulations.

As discussed in greater detail in section II.H.2. of this document, under section 1860D–31(c)(2)(F) of the Act and § 403.815(a) of our regulations, a State may pay some or all of any enrollment fee for some or all discount card enrollees (other than transitional assistance enrollees) residing in the State. As specified in § 403.815(a)(1) of our regulations, these payment

arrangements should be negotiated directly between the State and the endorsed sponsor.

e. Disenrollment

Section 1860D–31(c)(1)(D)(ii) of the Act and § 403.811(b)(6) of our regulations permit an endorsed sponsor to involuntarily disenroll any discount card enrollee, other than a transitional assistance enrollee, who fails to pay the annual enrollment fee charged by the endorsed sponsor. We expect endorsed sponsors to provide discount card enrollees prior written notice before involuntarily disenrolling them for failure to pay the enrollment fee.

Under section 1860D–31(c)(1)(D)(i) of the Act, a discount card enrollee also may voluntarily disenroll from an endorsed program at any time. Discount card enrollees generally must notify an endorsed sponsor of their desire to disenroll from the endorsed sponsor's endorsed program. We expect endorsed sponsors to promptly submit to CMS all disenrollment requests they receive. In addition, if an endorsed sponsor involuntarily disenrolls one of its discount card enrollees for failure to pay any enrollment fee, we expect the endorsed sponsor to promptly notify us of such disenrollment. As discussed above in section II.A.6. of this document, discount card enrollees who disenroll from a Medicare managed care plan offering an exclusive card program are no longer eligible for that exclusive card program. The exclusive endorsed sponsor must disenroll these beneficiaries from its exclusive card program.

If a discount card enrollee contacts the endorsed sponsor in order to disenroll from an endorsed program, the endorsed sponsor is responsible for—

- Disenrolling the discount card enrollee from its endorsed program and promptly notifying us of such disenrollment;
- Determining whether the discount card enrollee is eligible for a special election period based on the reason provided for the disenrollment, if any; and
- If the endorsed sponsor determines that a discount card enrollee is eligible for a special election period, promptly notifying us of this determination.

7. Information and Outreach, and Other Customer Service

a. Information and Outreach

Section 1860D–31(d)(2)(A) of the Act requires that each prescription drug card endorsed sponsor that offers an endorsed discount card program will make available to eligible beneficiaries

for the discount card program (through the Internet and otherwise) information that the Secretary identifies as being necessary to promote informed choice among endorsed discount card programs including information on enrollment fees and negotiated prices for covered discount card drugs. Furthermore, section 1860D–31(h)(7)(A) of the Act limits drug card endorsed sponsors to providing under their endorsements only (1) products and services directly related to covered discount card drugs, or (2) discounts on over-the-counter drugs. Section 1860D–31(h)(7)(B) then prohibits endorsed sponsors from marketing—under their endorsements—any products and services other than those described in section 1860D–31(h)(7)(A).

Under the above authority, we have drafted regulations which condition endorsement on card sponsors providing information and outreach according to our rules. To further explain these regulations and provide guidance to endorsed sponsors, we plan to publish information and outreach guidelines on our Web site at the same time we release the solicitation for applications. These information and outreach guidelines will provide further interpretations of our regulations and will contain the procedures endorsed sponsors can use to apply for and receive approval of their information and outreach materials.

Our regulations at § 403.806(g) contain our requirements for the information to be included in materials. Endorsed sponsors must provide to Medicare beneficiaries in their service area(s) information and outreach materials on the endorsed program, including discounts on over-the-counter drugs, if offered. Our regulations also incorporate the statutory requirement that information and outreach materials promote informed choice and contain information on enrollment fee and negotiated prices.

As we will explain further in the information and outreach guidelines, we will implement and interpret these statutory and regulatory requirements by requiring endorsed sponsors to disclose to Medicare beneficiaries (prior to enrollment, after enrollment, and upon request) the following information at a minimum—

(1) A detailed description of the program that includes information on how to become enrolled in a program, eligibility qualifications for transitional assistance, and how transitional assistance works;

(2) A description of the services the sponsor provides for no additional fee,