DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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Medicare-Medicaid Coordination Office

DATE: September 28, 2015

TO: States Participating in the Financial Alignment Initiative

FROM: Sharon Donovan - Director, Program Alignment Group, Medicare-Medicaid Coordination Office (MMCO)

SUBJECT: Guidance on Handling TC42 Transactions – 1-800-Medicare Opt-Outs

Background

Section 30.1.4 E of the Medicare-Medicaid Plan (MMP) National Guidance states that individuals who choose to opt-out of passive enrollment into an MMP may do so by contacting the state or 1-800-MEDICARE. This section also emphasizes the needs for states to counsel the individual to ensure he/she understands the implications of the request to decline passive enrollment. Section 40.1 of the MMP Guidance cites 1-800-Medicare as one of the ways members can also request disenrollment from an MMP.

When a member contacts 1-800-Medicare to opt-out, the CMS MARx system sends the State a Transaction Code (TC) 42 opt-out flag via the Daily Transaction Reply Report (DTRR) for that particular member. The state must then cancel enrollment into, or disenroll the person from, the MMP. This memo provides states with guidance on the procedures to follow when they receive a TC42 flag.

Guidance on Handling TC42 Requests Moving Forward

To avoid individuals having to contact several different places to get their needs met, and to alleviate the potential risk of inadvertent cancellations and disenrollments, states are encouraged to take the following actions immediately after a TC42 flag is received:

a. When the state receives the TC42 flag from CMS MARx system (processed by 1-800-MEDICARE), the state is encouraged to do an active outreach first, to verify and ensure that the member understands the request they are making before cancelling/disenrolling the member.
    i. States may use their discretion when conducting outreach, including conducting outreach by phone or in writing. If the latter, states can leverage their existing exhibit 6 to request more information to confirm the members request to opt out/cancel (since exhibit 6 language may be

different in each state, States should use their discretion and should only leverage their exhibit 6 when appropriate and/or applicable).

b. If the state chooses not to do an active outreach to the member, then the state should move forward with cancellation/disenrollment of the member. As mentioned in section 30.1.4 E of the national guidance, the state must acknowledge the individual's request in writing within 10 calendar days of receipt of the individual's request to opt out or receipt of the DTRR.

We hope that following these steps will help improve beneficiary experience, while also reducing potential member confusion. If you have questions regarding this guidance, please contact your CMS Contract Management Team or the MMCO enrollment team at MMCOEnrollment@cms.hhs.gov.