

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850



**CENTER FOR MEDICARE**

---

TO: All Part D Plan Sponsors

FROM: Cheri Rice, Director  
Medicare Plan Payment Group

SUBJECT: May 2014 Updates to the Drug Data Processing System

DATE: April 11, 2014

The Centers for Medicare & Medicaid Services (CMS) is announcing an upcoming change to the Drug Data Processing System (DDPS) that will take place in the month of May. An updated edit spreadsheet will be posted to the Customer Service and Support Center (CSSC) Operations website.

Edit 671 Update:

The edit logic for edit 671 is being updated to allow Prescription Drug Events (PDEs) for covered drugs with Dates of Service on or after 1/1/2011, meeting the following criteria to be processed:

- Beginning Benefit Phase 'D', 'N', or 'G'; and
- Ending benefit phase 'C'; and
- TrOOP Accumulator + Delta TrOOP < OOP; and
- GDCA not equal to zero; and
- PLRO > 0

This edit modification will allow PDE processing when the Part D plan benefit would result in a claim that straddles the coverage gap and the catastrophic coverage phases but a secondary payer reduces the beneficiary liability such that the TrOOP is reduced below the out of pocket threshold. This exception will be allowed for true secondary payer situations for non-Employer Group Waiver Plans (EGWPs). PDEs that meet the above criteria, that previously received edit 671, can be resubmitted on or after May 12, 2014.

EGWP sponsors have a benefit that integrates a Part D component with a non-Part D component and EGWPs are aware of the non-Part D portion of the benefit at the time of adjudication and therefore this modification does not impact EGWPs. EGWPs should continue to follow the guidance in the PDE Reporting examples for benefit year 2014 document that is posted on [www.csscooperations.com](http://www.csscooperations.com).

The following example demonstrates a PDE that meets the above criteria that will now be accepted by DDPS. Additionally, we demonstrate how the next claim processed shall be reported.

**Defined Standard Plan: Claim straddles Coverage Gap and Catastrophic Phases; Non-TrOOP Eligible Secondary Payer Moves Beneficiary Back into Coverage Gap**

The beneficiary purchases a brand drug for \$202.00, which includes \$195.00 ingredient cost, \$5.00 sales tax, and \$2.00 dispensing fee.

PDE reporting based upon Part D plan:

**Step 1 - Determine costs that fall in the Coverage Gap:**

When claim adjudication begins the TG CDC Accumulator is \$6,500.00 and the TrOOP Accumulator is \$4,450.00; the beginning benefit phase is Coverage Gap. Midway through processing this claim the beneficiary crosses the Out-of-Pocket Threshold. After the beneficiary pays \$100.00, the TrOOP Accumulator reaches \$4,550.00. The first \$102.56(\$100.00/(1-.025)) of the claim drug cost falls in the Coverage Gap. Because the beneficiary has reached the TrOOP threshold, the remaining \$99.44 of the claim falls in the Catastrophic Phase. The ending benefit phase is Catastrophic.

<b>PDE Fields</b>	<b>Claim Total</b>
Total Gross Covered Drug Cost Accumulator	\$6,500.00
True Out of Pocket Accumulator	\$4,450.00
Beginning Benefit Phase	G
Ending Benefit Phase	C
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

<b>PDE Field</b>	<b>Reported on the PDE Record</b>	<b>Coverage Gap</b>	<b>Catastrophic</b>
Ingredient Cost Paid	\$195.00	\$100.00	\$95.00
Dispensing Fee Paid	\$2.00	\$0.00	\$2.00
Total Amount Attributed to Sales Tax	\$5.00	\$2.56	\$2.44
Vaccine Administration Fee	\$0.00	\$0.00	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$102.56		
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$92.54		

**Step 2 - Determine Discount Eligible Cost:** Discount eligible cost is \$102.56.

**Step 3 - Calculate Gap Discount:** The gap discount is \$51.28 ( $\$102.56 * .5$ )

**Step 4 - Determine Beneficiary Liability:**

The beneficiary is responsible for cost sharing in each benefit phase the claim straddles. In 2014, Coverage Gap cost sharing is 47.5% of the negotiated price. In the Catastrophic phase, the beneficiary is responsible for the greater of 5% of \$99.44 or \$6.35.

Coverage Gap cost-sharing is \$48.72 ( $\$102.56 * .475$ )

Catastrophic cost-sharing is \$6.35

The beneficiary's total cost sharing is \$55.07

**Step 5 - Calculate Covered and non-Covered Portion of Plan Paid Cost-Sharing:**

This is a defined standard plan, so CPP in the Coverage Gap is 2.5% of ingredient cost + sales tax. (Because the amount of the claim falling in the Catastrophic Phase exceeds the dispensing fee and vaccine administration fee on the claim, there is no plan liability for these fees in the Coverage Gap). CPP in Gap equals \$2.56 ( $(\$102.56 \text{ Gap claim cost minus } (\$51.28 \text{ Gap Discount} + \$48.72 \text{ Gap beneficiary cost-sharing}))$ ). CPP in the Catastrophic Phase is \$93.09 ( $\$99.44 \text{ claim cost in Catastrophic minus } \$6.35 \text{ Catastrophic beneficiary cost-sharing}$ ). Total CPP is \$95.65.

**PDE Reporting:** Populate Reported Gap discount and existing financial fields as indicated below.

<b>PDE Fields</b>	
Reported Gap Discount	\$51.28
Patient Pay Amount	\$55.07
Other TrOOP Amount	\$0.00
Low-Income Cost-Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction due to Other Pay Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$95.65
Non Covered Plan Paid Amount (NPP)	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$102.56
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$99.44

**Step 6 - Update Gross Covered Drug Cost Accumulator and TrOOP Accumulator:** After the claim is processed, the TGCDC Accumulator increases by \$202.00 from \$6,500.00 to \$6,702.00; the TrOOP Accumulator increases by \$100.00 from \$4,450.00 to \$4,550.00.

**After completion of processing under the Medicare Part D plan, an N1 transaction is received showing a patient pay amount of \$40 remains after secondary processing by a non-TrOOP eligible supplemental payer.**

PLRO Amount is computed by subtracting the beneficiary cost sharing after the reduction by the OHI payer (\$40.00) from the original patient pay amount under the Part D plan (\$55.07). PLRO is \$15.07.

**PDE Reporting:** The original PDE shall be modified and reported to DDPS as indicated below.

<b>PDE Fields</b>	
Reported Gap Discount	\$51.28
Patient Pay Amount	\$40.00
Other TrOOP Amount	\$0.00
Low-Income Cost-Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction due to Other Pay Amount (PLRO)	\$15.07
Covered D Plan Paid Amount (CPP)	\$95.65
Non Covered Plan Paid Amount (NPP)	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$102.56
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$99.44

Because PLRO reduces the amount on the claim that counts towards TrOOP, the new TrOOP amount on the claim is \$91.28 (\$51.28 + \$40.00). The TrOOP Accumulator following the adjudication of the original claim and the subsequent OHI transaction is \$4,541.28 (\$4,450.00 + \$91.28). The TG CDC Accumulator is \$6,702.00 (\$6,500.00 + \$202.00).

After processing the reduction in beneficiary cost sharing due to the OHI payer, the beneficiary has no longer reached the OOP threshold. The modification to Edit 671 now allows this PDE to be accepted.

**Next Claim:**

This example demonstrates that the next claim shall first satisfy the remaining TrOOP amount to allow the beneficiary to enter the catastrophic phase. The beneficiary fills a claim for a brand drug with \$95.00 ingredient cost, \$2.00 sales tax, and \$5.00 dispensing fee.

**Step 1 - Determine costs that fall in the Coverage Gap:**

When claim adjudication begins the TG CDC Accumulator is \$6,702.00 and the TrOOP Accumulator is \$4,541.28; the beginning benefit phase is Coverage Gap. Midway through processing this claim the beneficiary crosses the Out-of-Pocket Threshold. After the beneficiary pays \$8.72, the TrOOP Accumulator reaches \$4,550.00. The first \$8.94 (\$8.72/(1-.025)) of the claim drug cost falls in the Coverage Gap. Because the beneficiary has reached the TrOOP

threshold, the remaining \$93.06 of the claim falls in the Catastrophic Phase. The ending benefit phase is Catastrophic.

<b>PDE Fields</b>	<b>Claim Total</b>
Total Gross Covered Drug Cost Accumulator	\$7,102.00
True Out of Pocket Accumulator	\$4,541.28
Beginning Benefit Phase	G
Ending Benefit Phase	C
Pricing Exception Code	<blank>
Non-Standard Format Code	<blank>

<b>PDE Field</b>	<b>Reported on the PDE Record</b>	<b>Coverage Gap</b>	<b>Catastrophic</b>
Ingredient Cost Paid	\$95.00	\$8.49	\$86.51
Dispensing Fee Paid	\$2.00	\$0.00	\$2.00
Total Amount Attributed to Sales Tax	\$5.00	\$0.45	\$4.55
Vaccine Administration Fee	\$0.00	\$0.00	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$8.94		
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$93.06		

**Step 2 - Determine Discount Eligible Cost:** Discount eligible cost is \$8.94.

**Step 3 - Calculate Gap Discount:** The gap discount is \$4.47 ( $\$8.94 * .5$ )

**Step 4 - Determine Beneficiary Liability:**

The beneficiary is responsible for cost sharing in each benefit phase the claim straddles. In 2014, Coverage Gap cost sharing is 47.5% of the negotiated price. In the Catastrophic phase, the beneficiary is responsible for the greater of 5% of \$93.06 or \$6.35.

Coverage Gap cost-sharing is \$4.25 ( $\$8.94 * .475$ )

Catastrophic cost-sharing is \$6.35

The beneficiary's total cost sharing is \$10.60.

**Step 5 - Calculate Covered and non-Covered Portion of Plan Paid Cost-Sharing:** This is a

defined standard plan, so CPP in the Coverage Gap is 2.5% of ingredient cost + sales tax.

(Because the amount of the claim falling in the Catastrophic Phase exceeds the dispensing fee and vaccine administration fee on the claim, there is no plan liability for these fees in the Coverage Gap).

CPP in Gap equals \$0.22 ( $\$8.94 * .025$ ). CPP in the Catastrophic Phase is \$86.71 ( $\$93.06$  claim cost in Catastrophic minus \$6.35 Catastrophic beneficiary cost-sharing).

Total CPP is \$86.93.

**PDE Reporting:** Populate Reported Gap discount and existing financial fields as indicated below.

<b>PDE Fields</b>	
Reported Gap Discount	\$4.47
Patient Pay Amount	\$10.60
Other TrOOP Amount	\$0.00
Low-Income Cost-Sharing Subsidy Amount (LICS)	\$0.00
Patient Liability Reduction due to Other Pay Amount (PLRO)	\$0.00
Covered D Plan Paid Amount (CPP)	\$86.93
Non Covered Plan Paid Amount (NPP)	\$0.00
Gross Covered Drug Cost Below Out-of-Pocket Threshold (GDCB)	\$8.94
Gross Covered Drug Cost Above Out-of-Pocket Threshold (GDCA)	\$93.06

**Step 6 - Update Gross Covered Drug Cost Accumulator and TrOOP Accumulator:** After the claim is processed, the TGCDC Accumulator increases by \$102.00 from \$6,702.00 to \$6,804.00; the TrOOP Accumulator increases by \$8.72 from \$4,541.28 to \$4,550.

Questions regarding this document can be sent to CMS at [PDEJan2011@cms.hhs.gov](mailto:PDEJan2011@cms.hhs.gov).