DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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MEDICARE PLAN PAYMENT GROUP

TO: All Part D Plan Sponsors

FROM: Cheri Rice, Director
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SUBJECT: Updates to the Reconciliation Prescription Drug Event (PDE) Exclusion Process

DATE: April 16, 2014

On April 30, 2014, the Centers for Medicare & Medicaid Services (CMS) will release the next Part D Potential Exclusion Warning Report. Like the previous report, this report will be distributed through the existing mailboxes used for the Monthly Drug Data Processing System (DDPS) reports. We remind sponsors that this report will identify issues that the Part D sponsors should already be identifying through their ongoing analysis. CMS is providing this report as a courtesy.

The April 2014 warning report will cover benefit years 2009 and 2013.   There are four categories of records that will be included on this warning report for benefit year 2013:

1. Beneficiaries retro-actively disenrolled (no enrollment in any Part D plan on the date of service (DOS)), or DOS on the PDE is greater than 32 days after beneficiary date of death
2. Retroactive Low Income (LI) Status or change in LI Copay Levels for the DOS after the PDE was accepted Beneficiaries awarded Low Income (LI) Status retro-actively
3. Beneficiaries with a loss of LI eligibility after the PDE was accepted
4. Prescription Drug Event (PDE) data with non- National Provider Identifiers (NPIs) in the Prescriber ID field

The first three categories were on the warning report distributed on February 3, 2014. For benefit year 2009, the report will only contain PDEs for beneficiaries retro-actively disenrolled, or DOS on the PDE is greater than 32 days after beneficiary date of death. We have modified the retro-LI category to allow for zero in the LIS amount, if appropriate, based on the beneficiary LI copay level, the benefit phase, and the dollar amounts on the claim. The retro-LI process used for the warning report has been updated to mimic the editing currently in place for LI PDEs, to remove territory only plans from the retro-LI process, and to include the identification of retroactive changes in copay levels for PDEs already accepted.

The fourth category, non-NPIs in the Prescriber ID field, is new for the April 2014 warning report and will only appear in this report. Beginning January 1, 2013, PDEs must have an active and valid NPI in the Prescriber ID field. CMS implemented changes to DDPS on May 6, 2013, which modified the Prescriber ID edits such that PDEs submitted with a DOS on or after January 1, 2013 would reject if the Prescriber ID Qualifier did not indicate that there was an NPI in the Prescriber ID field. (For more information, see the HPMS memorandum, "May 2013 Updates to the Drug Data Processing System" dated April 23, 2013.) Prior to May 6, 2013, edits were not in place to prevent a PDE with a Prescriber ID other than an NPI. Through the Prescriber NPI Project, Acumen, LLC, has identified Part D sponsors that submitted non-NPI Prescriber IDs on PDEs with DOS in 2013. (For more information about the Prescriber NPI Project, see the HPMS memorandum, "Announcement of Prescriber NPI Project and Website Release" dated December 4, 2012.) As a result of the Prescriber NPI Project, many Part D sponsors have corrected their PDEs to come into compliance with our program requirements. The April 2014 warning report will identify the remaining PDEs with DOS in 2013 with non-NPIs in the Prescriber ID field. PDEs with dates of service between January 1, 2013 and May 6, 2013 with a Prescriber ID Qualifier other than '01' ('01' = NPI) will be flagged on the warning report.

CMS expects that Part D sponsors will address the PDEs in the Part D Potential Exclusion Warning Report within 90 days of release of the report. This timing is consistent with our previous guidance on the timely submission of PDEs and resolution of rejected PDEs. (See the HPMS memorandum, "Revision to Previous Guidance Titled 'Timely Submission of Prescription Drug Event (PDE) Records and Resolution of Rejected PDEs'" dated October 6, 2011.)

Part D sponsors should use their best judgment to determine if PDEs need to be adjusted or deleted. It is possible that a PDE flagged by the Part D Potential Exclusion Warning Report may no longer need to be adjusted or deleted due to, for example, changes in enrollment data.

Any PDEs on the Part D Potential Exclusion Warning Report that are not addressed by the Part D sponsor will continue to appear on the warning report until CMS runs the Part D Exclusion from Reconciliation Report. At this time, only the retro-actively disenrolled category will carry over to the Part D Exclusion from Reconciliation Report. However, it is CMS' expectation that Part D sponsors will adequately address all of the PDEs on the warning report to come into compliance with Part D requirements.

Questions regarding the data identified in the warning report should be immediately emailed to CMS at pdejan2011@cms.hhs.gov. Part D sponsors should not wait until after the Part D payment reconciliation PDE reporting deadline or the Part D payment reconciliation to dispute the data.

CMS is updating the schedule for releasing the Part D Potential Exclusion Warning Reports. In the January 6, 2014 HPMS memo titled, "Reconciliation PDE Exclusion Process," CMS

announced that the Part D Potential Exclusion Warning Reports would be released on a quarterly basis. Reports for the year to be reconciled will be released in January and April prior to reconciliation. For example, in preparation for the 2014 Part D payment reconciliation, CMS will release warning reports in January 2015 and April 2015. For reopenings, CMS will announce the warning report schedule when providing guidance on each reopening.

For more information on the Part D Potential Exclusion Warning Report and the Part D Exclusion from Reconciliation Report, see the January 6, 2014 HPMS memorandum referenced above. The report layouts and descriptions of the report layouts can be found in the January 6, 2014 HPMS memorandum. The report layouts can also be found on the Customer Service and Support Center (CSSC) website, http://www.csscoperations.com.

Questions regarding this memorandum should be directed to CMS at pdejan2011@cms.hhs.gov.