

Plan-to-Plan Reconciliation Instructions (Phase III – Updating the Contract of Record and the Plan of Record)

The Plan-to-Plan (P2P) Reconciliation Process is a process that has been implemented in phases. P2P Phase I and Phase II guidance are already in place and will continue to remain a part of the entire P2P process. Both phases enable CMS to process many of the Prescription Drug Events (PDEs) affected by P2P and allow for P2P Financial Reconciliation between affected Contracts.

Currently, when CMS processes a retroactive enrollment, the Contract of Record and Plan Benefit Package (PBP) of Record will not be updated on PDEs that were previously accepted into the Drug Data Processing System (DDPS). P2P Phase III establishes a process for updating the Contract and PBP of Record on PDEs that were already accepted and saved by CMS for covered drugs. The instructions below will explain how the enrollment changes in P2P Phase III can affect saved PDEs, the new informational edit codes that will be generated as a result of changes to Contract and/or PBP of Record, and how the changes will appear on Monthly Reports received from the DDPS.

The following PDE references provide a framework for this P2P discussion.

PDE instructions are published at:

<http://www.cms.hhs.gov/DrugCoverageClaimsData/RxDrugEventDataGuidance.sap>

Please see www.csscooperations.com for:

2006 Participant Training Guide
Edits

P2P Phase I and Phase II Guidance are published at:

http://www.cms.hhs.gov/DrugCoverageClaimsData/01_PDEGuidance.asp#TopOfPage

This final guidance will be published initially with the HPMS bulletins on:

<http://www.cms.hhs.gov/PrescriptionDrugCovContra/HPMSSD/list.asp>

At a later date, we will incorporate P2P Guidance in the PDE Instructions and in the PDE Participant Training Guide at the site references above.

Scope: P2P Reconciliation is a financial settlement process between two Part D Contracts in which the Contract of Record compensates the Submitting Contract for claims paid on a beneficiary that belongs to the Contract of Record. Each phase of P2P builds on the previous phase. Phase I of P2P enabled CMS to process P2P PDE data with dates of service January 1 through April 30, 2006. This phase also introduced Reports 40 through 43 to the Contracts. The Reports provide the documentation for P2P financial settlement and provide additional documentation that will be used for the annual Part D Payment Reconciliation for the Contract of Record. P2P Phase II extended P2P processing beyond April 30, 2006 and established the initial transition period effective end date policy for enrollment changes. P2P Phase III updates the Contract and/or Plan of Record prior to annual Part D Payment Reconciliation so that the proper Contract and Plan of Record is associated with the accepted PDE data. This process will only make corrections to the saved PDE data if there are changes to the enrollment data. If changes are made and the changes affect P2P, either by establishing a new P2P condition or changing the status of a PDE from P2P to non-P2P, the affected Contracts will go through P2P Reconciliation. If there are no changes to the enrollment data for previously accepted PDE data, the PDE data will remain unchanged and will not be a part of P2P Phase III.

P2P should be viewed as an ongoing process that will occur in each Benefit Year. There will always be some instances in which a Contract pays for covered prescription drug costs incurred after the effective date of a disenrollment. This scenario can occur when a beneficiary changes Contracts during the month or when there are lags associated with contract enrollment processes

or with CMS information system updates. P2P Phase I and II occur simultaneously and P2P Phase III will be done at scheduled times. P2P Phase III will be performed at least once before each annual Part D Payment Reconciliation.

Authority: All components of the P2P Reconciliation process were developed using the authority established under §423.464(a) of the Part D regulations. Under §423.464(a), Part D Contracts have an obligation to coordinate benefits with entities providing other prescription drug coverage to Part D eligible individuals. The P2P Process coordinates the correction of claim payments made by Contracts other than the Contract of Record. As explained in §423.315(f), CMS reconciles payment year disbursements with updated enrollment information. P2P Phase III is the process that will update enrollment information, for saved PDE data, prior to annual Part D Payment Reconciliation.

Objectives: P2P Phase III fulfills two objectives.

- Establishes a process for evaluating and correcting, if necessary, the Contract of Record and/or PBP of Record prior to annual Part D Payment Reconciliation.
- Re-assigns the Contract of Record and/or PBP of Record in the event that the enrollment information changes after the PDE was saved by CMS.

Definitions:

Submitting Contract: The Submitting Contract is submitting PDE data for which they may or may not be the Contract of Record at the time that they are submitting the PDE, according to beneficiary enrollment information documented in the CMS databases.

Submitting PBP: The Submitting Plan Benefit Package (PBP) is submitting PDE data under the Submitting Contract.

Original Contract of Record: This is the Contract that is the Part D sponsor with the beneficiary enrollment as documented in CMS databases, when the PDE was accepted and saved by CMS.

Original PBP of Record: This is the PBP listed under the Original Contract of Record as documented in CMS databases, when the PDE was accepted and saved by CMS.

Updated Contract of Record: The new Contract of Record after CMS runs the P2P Phase III process and determines that there is a change in the enrollment information that affects saved PDE data.

Updated PBP of Record: The new PBP of Record after CMS runs the P2P Phase III process and determines that there is a change in the enrollment information that affects saved PDE data.

Original Monthly Reports: The reports in which the financial amounts for the PDE data first appeared. If the financial amounts first appeared on Report 4, the PDEs were not part of P2P. If the financial amounts first appeared on Reports 40 through 43, the PDEs were part of P2P.

Updated Monthly Reports: The reports that now display the financial amounts for saved PDE data after the P2P Phase III update to enrollment information. If a P2P Phase III update results in a P2P condition, the financial amounts are documented on Reports 40 through 43. If the financial amounts are documented on Report 4, this means that the change in Contract and PBP did not result in a P2P condition or changed from a P2P condition to a non-P2P condition.

Contract of Record Update Reported: In the charts below that explain the P2P Phase III processing, a yes (Y) means that the Contract of Record field on PDEs affected by P2P Phase III will be populated with the Updated Contract of Record. The affected PDEs will be sent to the Submitting Contract on a special Return File that will be distributed after the P2P Phase III process is run. A no (N) means that the field for Updated Contract of Record will not be populated.

PBP of Record Update Reported: In the charts below that explain the P2P Phase III processing, a yes (Y) means that the Updated PBP of Record field will be populated on PDEs affected by P2P Phase III. The affected PDEs will be sent on the Return File that will be sent to the Submitting Contract. A no (N) means that the Updated PBP of Record field will not be populated.

P2P Phase III Processing: P2P Phase III processing will update changes in enrollment information that occurred after CMS accepted PDE data. P2P Phase III will allow the Drug Data Processing System (DDPS) to query the CMS Medicare Beneficiary Database (MBD) for changes to Contract and PBP of Record. If this query results in changes, DDPS will update affected PDE data to reflect the changes. If this query does not result in a change, no update will occur on the saved PDE data. This process will update all changes to enrollment information; it is not limited to changes that affect P2P. This process will also update enrollment information when the beneficiary moves from one PBP to another PBP within the same Contract.

CMS developed new informational edit codes that will generate as a result of the P2P Phase III update to enrollment information. The informational edit codes will be received by the Submitting Contract on a Return File. The informational edit codes will only be sent to the Submitting Contract and will not be sent to the Updated Contract of Record.

The enrollment changes to saved PDEs will result in changes that appear on the Monthly Reports. The Monthly Reports will show any new payables and receivables that result from P2P Phase III. Any financial amounts resulting from this process will appear the same as any other financial amounts would appear on a Monthly Report. Since the financial amounts from the P2P Phase III update will not be reported differently from any other financial amounts, the Monthly Reports should be thoroughly reviewed. The layout of the Monthly Reports will not change. The Updated Contract of Record and the Original Contract of Record will only be aware of changes by reviewing the Monthly Reports. All of the changes resulting from P2P Phase III are explained in detail below.

New Informational Edit Codes: The Submitting Contract will receive an informational edit code on the Return File when enrollment changes result in a change in Part D financial dollar amounts. The change may result in either a payable or receivable. Each informational edit code is meant to provide the Submitting Contract with an explanation of how the enrollment changes affect the saved PDE. The explanation will assist the Submitting Contract when evaluating the Monthly Reports for changes.

- **Informational edit 851:** The Contract of Record has been updated; a P2P condition *now* exists.
- **Informational edit 852:** The Submitting Contract/PBP is now the Contract/PBP of Record; a P2P condition *no longer* exists.
- **Informational edit 853:** PBP of Record has been updated. This PDE *continues* to be a non-P2P PDE.
- **Informational edit 854:** The Contract of Record and PBP of Record have been updated. A *new* P2P condition is established.

- **Informational edit 855:** The Submitting Contract is now the Contract of Record but the Updated PBP of Record is different from the Submitting PBP. A P2P condition *no longer* exists.

Return File: The Submitting Contract will receive a Return File that includes all PDEs that were sent by and accepted from the Submitting Contract but now have a change in Contract and/or PBP of Record resulting from P2P Phase III Updates. This file will be in the same basic format as the existing Return File but will have a different file name so that it is not confused with the standard Return File.

Although the basic format remains the same, one existing field will be used and a new field will be added for P2P Phase III. The existing Contract of Record field will be populated with Updated Contract of Record, when appropriate. There will be a new field for Updated PBP of Record. This field will be populated when appropriate.

Upon receiving a Return File, the Contract should update their database to reflect the changes. Scenarios 1-5 below will show when the Return File will be populated with a PDE that displays Updated Contract of Record or Updated PBP of Record. The columns for "Contract of Record Update Reported on Return File" and "PBP of Record Update Reported on Return File" will display "Y" when the field is populated and "N" when the field is not populated. The only example below that will not generate a Return File is Example #6. This update does not affect P2P reconciliation between the Contracts.

P2P Phase III Enrollment Changes: The following six examples will explain the potential scenarios that can occur with updating enrollment information. Within each example, there will be two sets of tables. The first table will describe the scenario and will show which updates will appear in the Return File and the second table will display the reports affected by the enrollment change and will show how the financial data will change between Monthly Reports using Covered Plan Paid Amount (CPP) as an example.

In order to understand the changes, the examples show how the Monthly Reports will appear for the month in which the Submitting Contract submits the PDE and the PDE is accepted (the Submission Month), the month after Submission, and the Update Month (month in which P2P Phase III updates enrollment information).

**Example 1:
Scenario**

Submitting Contract	Submitting PBP	Original Contract of Record	Original PBP of Record	Updated Contract of Record	Updated PBP of Record	Contract of Record Update Reported on Return File	PBP of Record Update Reported on Return File
A	1	A	1	B	1	Y	N

Initially a P2P condition did not exist when the PDE was accepted by CMS. Contract A was submitting PDE data for a beneficiary who was enrolled in Contract A, according to the CMS database. The P2P Phase III enrollment update changed the Contract and PBP of Record. A P2P condition now exists. Informational edit code 851 will be sent to the Submitting Contract. In the Return File, the Submitting Contract (Contract A) will receive the PDEs for the dates of service for which the beneficiary should now be enrolled under Contract B. The Updated PBP of Record will

not be sent on the Return file. The P2P condition is established based on the Contract change so it is not necessary to send the PBP update to Contract A.

Reports – Change in CPP

Report	Submission Month	Month after Submission	Update Month
4	\$100	\$100	\$0
40	\$0	\$0	\$100
41	\$0	\$0	\$100
42	\$0	\$0	\$100
43	\$0	\$0	\$100

Prior to P2P Phase III, Contract A was the only Contract that had this PDE on a Monthly Report. The PDE will be documented on Report 4 for the month in which the PDE was submitted and accepted and the month after submission. After the P2P Phase III Update, the PDE will appear on Monthly Reports for both Contract A and Contract B. The Updated Report 4 will display \$0 since the PDE will be documented on P2P Reports. The Updated Contract of Record now owes the Submitting Contract \$100 as shown in the P2P Reports 40 through 43.

**Example 2:
Scenario**

Submitting Contract	Submitting PBP	Original Contract of Record	Original PBP of Record	Updated Contract of Record	Updated PBP of Record	Contract of Record Update Reported on Return File	PBP of Record Update Reported on Return File
A	1	B	1	A	1	N	N

Initially a P2P condition existed; Contract A was submitting PDE data for a beneficiary that was enrolled in Contract B. The P2P Phase III enrollment update resulted in a change in Contract and PBP of Record. The informational edit 852 will be sent to the Submitting Contract. A P2P condition no longer exists. The Contract/PBP that submitted the PDE is now the Contract/PBP of Record. The Contract of Record and PBP of Record fields will not be populated on the Return File.

Reports – Change in CPP

Report	Submission Month	Month after Submission	Update Month
4	\$0	\$0	\$100
40	\$100	\$100	\$0
41	\$100	\$0	(\$100)
42	\$100	\$100	\$0
43	\$100	\$0	(\$100)

When the P2P condition existed, Contract B paid Contract A \$100, as shown in the Original Monthly Reports. In the Updated Monthly Reports, the PDE will appear on Report 4 for Contract A. Contract A will see (\$100) on Report 41. Contract B will see (\$100) on Report 43. A negative receivable amount means that Contract A will owe Contract B. In this example, Contract A owes Contract B \$100.

**Example 3:
Scenario**

Submitting Contract	Submitting PBP	Original Contract of Record	Original PBP of Record	Updated Contract of Record	Updated PBP of Record	Contract of Record Update Reported on Return File	PBP Update Reported on Return File
A	1	A	1	A	2	N	Y

In this situation, a P2P condition did not exist originally and does not exist after the enrollment update in P2P Phase III. This situation is still described as a possible scenario because P2P Phase III is meant to update all enrollment changes, including PBP-only changes. A Return File will be sent to Contract A to notify them of the PBP Change. An informational edit code 853 will be sent to inform Plan A of the change in PBP. The change in PBP will be seen on the Monthly Reports.

Reports – Change in CPP

Report	Submission Month	Month after Submission	Update Month
4 (PBP 1)	\$100	\$100	\$0
4 (PBP 2)	\$0	\$0	\$100

Although the financial information will remain on Report 4, the information will be found under the new PBP of Record.

**Example 4:
Scenario**

Submitting Contract	Submitting PBP	Original Contract of Record	Original PBP of Record	Updated Contract of Record	Updated PBP of Record	Contract of Record Update Reported on Return File	PBP Update Reported on Return File
A	1	B	1	C	1	Y	N

In this situation, a P2P condition existed between Contract A and Contract B. Once P2P Phase III updated enrollment information, a *new* P2P condition now exists between Contract A and Contract C. An informational edit code of 854 will be sent to the Submitting Contract on the Return File. This file will include all PDEs for the affected Dates of Service where Contract C is the Contract of Record.

Reports – Change in CPP between Contracts A and B

Report	Submission Month	Month after Submission	Update Month
40	\$100	\$100	\$0
41	\$100	\$0	(\$100)
42	\$100	\$100	\$0
43	\$100	\$0	(\$100)

In the P2P condition that was originally on the Monthly Reports, Contract B paid Contract A \$100 in CPP for this PDE. After the enrollment information updated, the new Contract of Record is Contract C. Contract A will pay Contract B \$100. Contract A is returning the money that initially exchanged hands in the Original Monthly Reports. This is shown by negative dollar amounts on Reports 41 and 43 for Contracts A and B.

Reports – Change in CPP between Contracts A and Contract C

Report	Submission Month	Month after Submission	Update Month
40	\$0	\$0	\$100
41	\$0	\$0	\$100
42	\$0	\$0	\$100
43	\$0	\$0	\$100

In the new P2P condition between Contract A and Contract C, Contract C is now the Contract of Record. Contract C owes Contract A \$100 in CPP for this PDE. Contract C will be aware of the P2P liability through the P2P Monthly Reports generated for the P2P Phase III update month.

This update will cause two changes on the P2P Reports for Contract A. They will see changes in the DET rows for Contract of Record B and Contract of Record C on Reports 40 and 41. Contract A owes Contract B \$100 and Contract A will receive \$100 from Contract C.

**Example 5:
Scenario**

Submitting Contract	Submitting PBP	Original Contract of Record	Original PBP of Record	Updated Contract of Record	Updated PBP of Record	Contract of Record Update Reported on Return File	PBP Update Reported on Return File
A	1	B	1	A	2	N	Y

Prior to P2P Phase III, a P2P condition existed between Contract A and Contract B. After the Phase III update, Contract A was found to be the Contract of Record. The PBP is different from the PBP that originally submitted the PDE. An informational edit code of 855 will be sent to the Submitting Contract. Only the Updated PBP of Record field will be populated on the Return File.

Reports – Change in CPP

Report	Submission Month	Month after Submission	Update Month
4	\$0	\$0	\$100
40	\$100	\$100	\$0
41	\$100	\$0	(\$100)
42	\$100	\$100	\$0
43	\$100	\$0	(\$100)

Originally Contract B paid Contract A \$100 in CPP for the PDE. Once P2P Phase III updated the enrollment information, a P2P condition no longer exists. Contract A now owes Contract B the \$100 that was initially paid. This is displayed as a negative amount on the Updated P2P Monthly Reports. For Contract A, Report 4 will now display the CPP amount under the Updated PBP.

**Example 6:
Scenario**

Submitting Contract	Submitting PBP	Original Contract of Record	Original PBP of Record	Updated Contract of Record	Updated PBP of Record	Contract of Record Update Reported on Return File	PBP Update Reported on Return File
A	1	B	1	B	2	N	N

A P2P condition remains between Contract A and Contract B, only the PBP of Record changes. This does not change the financial information that was exchanged previously between Contract A and B so Contract A will not receive a Return File showing this change.

Reports – Change in CPP

Report	Submission Month	Month after Submission	Update Month
40	\$100	\$100	\$100
41	\$100	\$0	\$0
42	\$100	\$100	\$100
43	\$0	\$0	\$0

This update will not result in a change in financial dollar amounts on the Monthly Reports. The financial amounts will now be found under the Original Contract of Record but under the Updated PBP of Record.