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

Date: June 25, 2012

To: All Part D Plan Sponsors

From: Cheri Rice, Director
Medicare Plan Payment Group

Subject: **Modifications to the Drug Data Processing System (DDPS) in relation to the reopening of the 2007 and 2008 Part D Payment Reconciliations**

In the May 29, 2012, HPMS memorandum, "Additional Guidance on the Reopening of the Coverage Year 2006, 2007, and 2008 Part D Payment Reconciliations," the Centers for Medicare & Medicaid Services (CMS) announced additional guidance would be forthcoming about the 2007 and 2008 reopening. CMS had previously closed DDPS for PDE submissions with 2006, 2007, and 2008 dates of service (DOS). CMS believes that with the recent completion of the reopening of the 2006 payment reconciliation there is no more material movement necessary for 2006 PDEs. Accordingly, we do not intend to open DDPS for additional 2006 PDE submissions. By contrast, our analysis and discussions with plans clearly demonstrates the need to allow for submissions of PDEs from 2007 and 2008, especially to accommodate adjustments and deletions resulting from audits completed after CMS had closed the window to 2007 and 2008 PDE submissions (e.g., the Part D recovery audit contractor's work on 2007). Plans may begin submitting PDEs for 2007 and 2008 as of the publication date of this memorandum.

In addition, CMS would like to call to the attention of plans the March 22, 2011, the Office of Inspector General (OIG) report, "Review of Erectile Dysfunction Drugs in the Medicare Part D Program." For calendar years 2007 and 2008, the OIG found that plans submitted, and CMS sometimes accepted, PDE data for Erectile Dysfunction (ED) drugs approved only for the treatment of sexual or erectile dysfunction. Pursuant to section 1860D-2(e)(2)(A) of the Social Security Act, which incorporates section 1927(d)(2) of the Act by reference, Part D drugs do not include agents when used for the treatment of sexual or erectile dysfunction, unless such agents are used to treat a condition, other than sexual or erectile dysfunction, for which the agents have been approved by the Food and Drug Administration. The OIG found eighteen unique NDCs for ED drugs that are excluded from the Part D program and were associated with PDEs for 2007 and 2008 (See Attachment A). ED drugs covered under a supplemental benefit were excluded from the review. Unless covered under a supplemental benefit, plans should submit deletion PDEs for any PDEs submitted with the NDCs found in Attachment A of this memorandum.

Questions regarding this announcement should be directed to StrategicHealthSolutions at PartDPaymentReview@strategichs.com.

Attachment A:

National Drug Code (NDC)	Trade Name
00002-4462-10	Cialis tablets
00002-4462-34	Cialis tablets
00002-4463-30	Cialis tablets
00002-4464-30	Cialis tablets
00002-4465-34	Cialis tablets
00009-5181-01	Caverject impulse powder for injection
00009-5182-01	Caverject impulse alprostadil for injection
00009-7686-04	Caverject sterile powder for injection
00069-4200-30	Viagra tablets
00069-4210-30	Viagra tablets
00069-4210-66	Viagra tablets
00069-4220-30	Viagra tablets
00069-4220-66	Viagra tablets
00085-1901-01	Levitra tablets
00085-1934-01	Levitra tablets
00085-1945-01	Levitra tablets
62541-0120-06	Muse suppositories
62541-0140-06	Muse suppositories