



MEDICARE PLAN PAYMENT GROUP

TO: All Part D Plan Sponsors

FROM: Cheri Rice, Director
Medicare Plan Payment Group

SUBJECT: PDE Guidance for Post Point-of-Sale Claim Adjustments

DATE: July 3, 2013

In the Announcement of Calendar Year 2014 Medicare Advantage Capitation Rates and Medicare Advantage and Part D Payment Policies and Final Call Letter (Call Letter), CMS provided examples on how to report Prescription Drug Event (PDE) records for various types of errors on claims resulting in post-point-of-sale (POS) claims adjustments. We received industry feedback regarding the examples provided in the Call Letter and are providing additional guidance based on that feedback.

As stated in the Call Letter and the June 7, 2013, “Final Medicare Part D DIR Reporting Requirements for 2012” guidance this policy is effective with the reconciliation for the 2012 benefit year, and will also apply going forward. Accordingly, CMS does not expect plans to adjust PDEs following this guidance for any dates of service (DOS) before the 2012 coverage year. As noted in the DIR reporting guidance, CMS will not issue compliance actions for sponsors that did not properly adjust the PDEs in time for the 2012 Part D payment reconciliation cut-off date. CMS expects that sponsors will review this PDE guidance and make any necessary post-2012 reconciliation PDE adjustments in a timely manner in advance of any CMS 2012 reopening activities. CMS will give advance notice of the intention to conduct a reopening of 2012. However, even if PDE adjustments cannot be made in time, any amounts previously recouped may not be reported as Direct and Indirect Remuneration (DIR) in accordance with the June 7, 2013, guidance.

CMS is providing additional guidance to help sponsors determine the appropriate course of action for post POS adjustments. In the Call Letter, we defined three types of errors, administrative, financial, and coverage. Upon further review, we have identified four types of coverage errors. This guidance will explain the errors and the expected course of action for addressing the errors. Based upon the guidance below, sponsors are expected to use their judgment to determine which error a specific scenario falls within and take the appropriate course of action.

Administrative Errors

An administrative error is an error that does not affect the financial calculation of a claim. An example of an administrative error is the wrong prescription origin code. If an administrative error is discovered, a sponsor should correct the field(s) on the PDE related to the administrative error and resubmit the PDE. Because the adjustment is related to non-financial fields, the Total Gross Covered Drug Cost (TGCDC) and True Out-of-Pocket (TrOOP) accumulators remain the same.

Financial Errors

A financial error is an error that results in incorrect payment calculation on claims that were otherwise appropriate for coverage. An example of a financial error is the National Drug Code (NDC) submitted on the claim is not the NDC dispensed. For example, a sponsor submits a NDC for a brand drug but a generic drug was dispensed. The sponsor would resubmit the PDE with the correct NDC along with the correct financial fields that correspond to the generic NDC. Because there is a change to financial fields, the TGCDC and TrOOP accumulators must be adjusted.

Coverage Errors

There are four types of coverage errors and each type requires a different course of action.

- The pharmacy billed the sponsor for a drug but the drug was never dispensed. In this case, recoup the cost and delete the PDE. If the event never happened, then a PDE should not exist for the event. There will be no DIR to report in this scenario. The TGCDC and TrOOP accumulators will need to be adjusted. An example of this type of error would be a duplicate claim.
- The dispensing event happened and the event was correct but the claim was wrong. In this situation, adjust the claim so that it reflects the dispensing event. The PDE must reflect the dispensing event. The accumulators must be adjusted. For example, the claim was processed for Prozac when in fact Prilosec was dispensed.
- The dispensing event happened, the event was in error (i.e., the drug should not have been dispensed), and the drug is a Part D drug. In this situation, recoup the cost for the drug and submit a \$0.00 PDE. Adjust the accumulators since the event should not have occurred. For example, a drug was prescribed by an excluded provider and the drug was dispensed.
- The dispensing event happened, the event was in error (i.e., the drug should not have been dispensed), and the drug is a non-Part D drug. For example, the claim was for Cialis but was prescribed for a condition other than benign prostatic hyperplasia (BPH). In this case, recoup the claim, delete the PDE, and adjust the accumulators.

The Call Letter attempted to provide examples of situations that may occur but cannot address all situations. The above guidance is meant to provide policy instructions that can be applied to a sponsor's specific situation. Any questions regarding this guidance can be sent to PDEJan2011@cms.hhs.gov.