

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



CENTER FOR MEDICARE

DATE: July 12, 2024
TO: All Part D Plan Sponsors
FROM: Jennifer R. Shapiro, Director, Medicare Plan Payment Group
SUBJECT: Update to Drug Data Processing System (DDPS) Edits 787 and 870

The Centers for Medicare & Medicaid Services (CMS) has received technical questions from Part D plan sponsors regarding one of the Drug Data Processing System edits that appears to be erroneously rejecting certain prescription drug event (PDE) records (DDPS Edit 870). This memorandum addresses the questions received about this edit, what CMS found, and how we are rectifying the issue.

DDPS Edit 870 is a reject edit whose purpose is to ensure the accuracy of reported gap discount amounts. Specifically, it fires when the Reported Gap Discount is not equal to the CMS Calculated Gap Discount within +/- \$0.05. In these cases, the PDE is rejected and a gap discount will not be included on a manufacturer invoice. We have received a number of inquiries concerning PDE records that straddle into the Catastrophic Phase rejecting with DDPS Edit 870 which appear to be in error.

CMS has determined that these recent PDE rejections are an unintended result of the modification to a different DDPS edit (DDPS Edit 787) that was effective on May 13, 2024 and announced in the May 10, 2024 CMS memorandum titled "May 2024 Updates to the Drug Data Processing System (DDPS)." DDPS Edit 787 is an informational edit that occurs when the benefit phase indicators do not match the True Out-of-Pocket (TrOOP) and Total Gross Covered Drug Cost (TGCDC) Accumulators reported on the PDE record. Effective May 13, 2024, DDPS modified the valid benefit phase logic used in this edit for PDEs with dates of service (DOS) in 2024 and forward to account for the Inflation Reduction Act (IRA) change that eliminated beneficiary cost-sharing in the Catastrophic Phase. The purpose of this modification was to prevent PDEs that straddle into the Catastrophic Phase from erroneously receiving this informational edit and, therefore, to prevent unnecessary research by Part D plan sponsors.

However, the modification to DDPS Edit 787 inadvertently resulted in erroneous DDPS Edit 870 rejects on CY 2024 PDEs that straddle into the Catastrophic Phase. Even though DDPS Edit 787 is informational, the presence of DDPS Edit 787 on a PDE determines how the logic supporting DDPS Edit 870 calculates the CMS Calculated Gap Discount, and this logic was not updated to align with the modification to DDPS Edit 787.

To rectify this situation and prevent DDPS Edit 870 from firing in error, DDPS is removing the May 13, 2024 DDPS Edit 787 modification effective July 15, 2024. This will allow PDEs that incorrectly received DDPS Edit 870 to be accepted when the informational DDPS Edit 787 does fire. Plans may resubmit any DDPS Edit 870 rejected PDEs that meet this criterion beginning on July 15, 2024.

Please submit questions regarding these updates to PDE-Operations@cms.hhs.gov.