

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



CENTER FOR MEDICARE

DATE: September 27, 2024

TO: All Part D Plan Sponsors, including PACE Organizations

FROM: Jennifer R. Shapiro, Director, Medicare Plan Payment Group

SUBJECT: Completion of the 2023 Final Part D Payment Reconciliation
and the 2023 Inflation Reduction Act Subsidy Amount
(IRASA) Reconciliation

The Centers for Medicare & Medicaid Services (CMS) has completed calculations for the 2023 Final Part D payment reconciliation. These calculations were performed in accordance with sections 1860D-14 and 1860D-15 of the Social Security Act and associated regulations at 42 C.F.R. 423 subpart G and guidance. The reconciliation calculations utilize:

- All accepted Prescription Drug Event (PDE) data with a processed date, found on the Prescription Drug Front-end System (PDFS) response report, on or before June 30, 2024 (Cycle 3);
- All prospective payments made for Part D net of all adjustments processed through the September 2024 payment; and
- Direct and Indirect Remuneration (DIR) information received in the Health Plan Management System (HPMS) by August 22, 2024.

In accordance with section 256(d) of the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), CMS will not take into account any reductions in prospective payment amounts due to sequestration for purposes of computing the Part D risk corridor reconciliation under section 1860D-15(e) of the Social Security Act. In other words, the “Target Amount” will not include any sequester reductions in prospective payments. In addition, section 256(d)(7) of the BBEDCA exempts payments made under section 1860D-15(e)(2)(B) of the Social Security Act from sequestration. Therefore, any payment resulting from the Part D payment reconciliation (*i.e.*, payments made as a result of risk sharing) would not be subject to sequestration.

The payment reconciliation reports will be available in your reconciliation mailboxes at the Customer Service and Support Center (CSSC) by close of business on Thursday, October 10, 2024. If you cannot access these reports, please contact CSSC at 877-534-2772.

In addition to receiving the payment reconciliation reports, sponsors will receive the Part D Exclusion from Reconciliation Report. The Part D Exclusion from Reconciliation Report was described in the January 6, 2014 HPMS memorandum, “Reconciliation PDE Exclusion Process” and the April 16, 2014 HPMS memorandum, “Updates to the Reconciliation PDE Exclusion Process.”

The report will identify PDEs that were excluded from the 2023 Part D payment reconciliation. PDEs were excluded if the PDE met any of the following conditions:

- A beneficiary was retroactively disenrolled (no enrollment in any Part D plan on the date of service (DOS)), or
- If the pharmacy is a Community/Retail Pharmacy Service (Pharmacy Service Type field is “01” for Community/Retail Pharmacy Services) and the beneficiary lives at home (Patient Residence field is “01” for Home), the DOS on the PDE is greater than 14 days after the beneficiary date of death, or
- If the pharmacy is NOT a Community/Retail Pharmacy Service or the beneficiary does NOT live at home, the DOS on the PDE is greater than 32 days after the beneficiary date of death.

Payment adjustments to remit and recover these calculated reconciliation amounts are planned for inclusion in the November 2024 payment. Payment is contingent on receipt of the Attestation of Data Relating to CMS Payment to a Medicare Part D Sponsor-CY 2023, which was due by September 6, 2024. See the HPMS memorandum, “2023 Attestations of Prescription Drug Event (PDE) Data, Direct and Indirect Remuneration (DIR) Data, Monthly Plan-to-Plan (P2P) Reconciliation Payments, and the Detailed DIR Report,” dated August 30, 2024. As described in the memorandum, per 42 CFR 423.505(k)(3) and (5), Part D sponsors are required to certify the claims data and allowable costs that they submit for purposes of risk corridor and reinsurance payment. If a Part D sponsor has not submitted the attestation by October 2, 2024, the payment adjustment for that sponsor will not be reflected in the November 2024 payment. The payment adjustment will occur after the attestation is received.

These final reconciled payments are subject to the reopening and appeals provisions as found in 42 C.F.R. 423.346 and 42 C.F.R. 423.350, respectively.

Inflation Reduction Act Subsidy Amount (IRASA)

New for CY 2023 is the IRASA. Section 1860D-15(h) of the Social Security Act, as added by section 11401(c) of the Inflation Reduction Act and amended by section 11406(c), requires that a temporary retrospective subsidy be paid to Part D plans for the reduction in cost sharing and elimination of the deductible for ACIP-recommended vaccines and covered insulin products during the 2023 plan year. See the HPMS memorandum, “Submitting Other TrOOP Amount Information for 2023 Part D Payment Reconciliation of the Inflation Reduction Act Subsidy Amount (IRASA),” dated April 15, 2024, for more information. CMS intends to reconcile IRASA immediately following the annual PDE reconciliation. Plans can expect to see IRASA reconciliation reports delivered to their reconciliation mailboxes at the

Customer Service and Support Center (CSSC) by close of business on Thursday, December 5, 2024. Payment adjustments resulting from IRASA reconciliation are currently scheduled for January 2025.

Reopening Process

Pursuant to 42 C.F.R. 423.346, CMS may reopen final payment determinations. Part D sponsors can submit requests for reopening, as instructed in the December 29, 2015 HPMS memorandum, “Revised Reopening Request Process and Notification of Overpayment Related to PDE and DIR Data” and the April 6, 2018 HPMS memorandum, “Reopening Process and Updates to the PDE/DIR-related Overpayment Reporting.” CMS will review all submitted reopening requests; however, note that, consistent with 42 C.F.R. 423.346(a)(2), CMS will perform a global reopening approximately six years after sending the reports and/or payments associated with the initial reconciliation for a contract year.

Questions regarding the reopening process may be sent to the Payment Process Contractor at PartDPaymentSupport@acumenllc.com.

Appeals Process

Pursuant to 42 C.F.R. 423.350, appeals are filed when a plan sponsor does not believe that CMS applied its stated payment methodology correctly. Refer to the reopenings and appeals guidance, which was released through HPMS on May 8, 2008, for additional information on the process for filing an appeal.¹ If you wish to appeal the Part D payment reconciliation results, your request must be filed and received by October 25, 2024. If you wish to appeal the results of the IRASA reconciliation, your request must be filed and received by December 20, 2024. Requests for appeal should be addressed to Jennifer R. Shapiro and emailed to the Payment Process Contractor at PartDPaymentSupport@acumenllc.com.

Thank you.

¹ Note that the reopening process described in the May 8, 2008 HPMS memorandum, *The Part D Reopenings Process and the Part D Appeals Process*, has been updated by the April 6, 2018, June 1, 2017, December 29, 2015, and May 9, 2024 (regarding reopenings beginning in 2025) HPMS memoranda. However, the appeals process described in the May 8, 2008 memorandum is still current and should be followed to file an appeal, using the updated address in this memorandum.