

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



DATE: February 28, 2023
TO: All Part D Sponsors
FROM: Jennifer R. Shapiro, Director, Medicare Plan Payment Group
SUBJECT: Completion of the Coverage Gap Discount Reconciliation for Benefit Year 2021

The Centers for Medicare & Medicaid Services (CMS) completed the calculations for the 2021 Final Part D Coverage Gap Discount (CGD) Reconciliation. The calculations were performed in accordance with § 1860D-14A of the Social Security Act and 42 C.F.R. § 423.2320. The reconciliation calculations utilize the following:

- All CGD Prescription Drug Event (PDE) data with a processed date, found on the Prescription Drug Front-end System (PDFS) response report, on or before 20220630 Cycle 3 and invoiced through the Quarter 6 invoice for 2021;
- The prospective Coverage Gap Discount Subsidy Amounts (CGDSA), beginning with January 2021 and ending with 2021 adjustments in January 2022; and
- All plan information received in the Health Plan Management System (HPMS) through January 2023 for calendar year 2021.

In previous years, in accordance with § 256(d) of the Balanced Budget and Emergency Deficit Control Act (BBEDCA), CMS reduced the prospective CGDSA by two percent for the purposes of computing the Part D CGD reconciliation.¹ However, sequestration was suspended as of May 2020.² The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), enacted on March 27, 2020, suspended the sequestration of Medicare programs between May 1, 2020, and December 31, 2020. The Consolidated Appropriations Act, 2021, enacted December 27, 2020, extended this suspension for three more months, through March 31, 2021. H.R. 1868, enacted on April 14, 2021, further extended the suspension through December 31, 2021. Finally, the Protecting Medicare and American Farmers from Sequester Cuts Act, enacted on December 10, 2021, extended the suspension through March 31, 2022. As a result, CMS performed no sequestration adjustment to prospective CGDSA for the CY 2021 CGD reconciliation.

¹ HPMS memoranda, *Additional Information Regarding the Mandatory Payment Reductions in the Medicare Advantage, Part D, and Other Programs*, May 1, 2013 (available at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Computer-Data-and-Systems/HPMS/HPMS-Memos-Archive-Weekly>)

² HPMS memorandum, *Medicare Advantage/Prescription Drug System (MARx) May 2020 Payment – INFORMATION*, April 22, 2020 (available at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Computer-Data-and-Systems/HPMS/HPMS-Memos-Archive-Weekly>)

The CGD reconciliation reports will be distributed to impacted sponsors for download via the Third Party Administrator (TPA) Portal on March 13, 2023. If you cannot access these reports, please contact the TPA at 877-534-2772, Option 1.

Payment adjustments to remit and recover these calculated CGD reconciliation amounts are planned for the April 2023 payment. As part of the Part D CGD reconciliation process, these final reconciled gap discount program payments will be subject to the reopening and appeals provisions found at 42 C.F.R. § 423.346 and 42 C.F.R. § 423.350, respectively.

Reopening Process

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.”³ Additionally, CMS may reopen final CGD determinations at its discretion.

Any questions regarding the reopening process may be emailed to the Payment Support Contractor at PartDPaymentSupport@acumenllc.com.

Appeals Process

Appeals are filed when a plan sponsor does not believe that CMS applied its stated payment methodology correctly. Refer to 42 C.F.R. § 423.350 and the May 8, 2008 HPMS memorandum, “The Part D Reopenings Process and the Part D Appeals Process.”⁴ Note that the contact information in the May 8, 2008 memorandum has changed, and is reflected below.

If you wish to appeal, your request for reconsideration must be filed and received no later than March 28, 2023. Requests for reconsideration should be addressed to Jennifer R. Shapiro, Director, Medicare Plan Payment Group, and emailed to the Payment Process Contractor at PartDPaymentSupport@acumenllc.com.

Thank you.

³ Memo is available at the [CMS.gov Memo Archive](#)

⁴ Memo is available at the [CMS.gov Memo Archive](#). 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 December 29, 2015, June 1, 2017, and April 6, 2018 HPMS memoranda. However, with the exception of the contractor address, the appeals process described in the May 8, 2008, memorandum is still current and should be followed to file an appeal.