



January 12, 2006

NOTE TO: Medicare Advantage Organizations, Prescription Drug Plan Sponsors, and Other Interested Parties

SUBJECT: Consolidation and technical corrections of Requirements for Submitting Prescription Drug Event Data

Today, CMS issues a consolidated version of the PDE Instructions: Requirements for Submitting Prescription Drug Event Data, last posted in June 2005. Since June, under separate cover we released special instructions for PDE submission by employer/union-only group waiver plans and in cases where Medicare is the secondary payer. The primary purpose of this update is to incorporate all instructions into one document. We also made several technical corrections and incorporated some of the more expansive material that we developed last summer for the regional PDE training we conducted in July-August 2005.

The specific updates are as follows, in order by Section:

- Section 1 – Field #25 is renamed Pricing Exception Code. The field now identifies both out-of-network PDEs and/or PDEs where Medicare is the secondary payer (MSP).
- Section 5-
 - We clarify that Part D drugs covered by a plan under exceptions and transitions processes are considered covered drugs for purposes of data submission.
 - We clarify that beneficiaries shall not be charged cost sharing for over-the-counter drugs covered on-formulary.
- Section 7-
 - We expanded the discussion on how PDE fields identify enhanced benefits
 - We corrected a typographical error in Table 7B Rule #4. The percentage for Rule #4 is **15%**. This change is consistent with the information we presented in the regional training material.
- Section 10-
 - We expanded the discussion and incorporated several definitions related to the low income cost sharing subsidy and to calculating and reporting LICs amounts.

- Per plan request, in table 10A we provided a crosswalk between the LICS level codes in the PDE Instructions and in the Medicare Beneficiary Database.
- Section 16- We incorporated in their entirety our instructions for PDE submission by employer/union-only group waiver plans, previously issued under separate cover.
- Section 17- We incorporated our instructions for PDE submission in situations where Medicare is the secondary payer (MSP), previously released under separate cover. We corrected several typographical errors in the examples; clarified how to report values in the Pricing Exception Code field; clarified the pricing and calculation logic used in Section 17.4.2; and adjusted several calculation rules for reporting enhanced alternative cost sharing (EACS) in MSP (Step 7c in Section 17.4.2). Note: There are no changes in the pricing rules and examples 6-8 have the same numeric results; however, we made corrections to the underlying rules on page 75 and we reconstructed example 9.

We appreciate the feedback we have received to date and will continue to work with plans and other entities to refine and clarify our PDE rules and to answer questions. Please continue to reference these Instructions, review the Training Materials that are posted on the website of our Customer Service and Support Center (CSSC) at <http://www.csscooperations.com/new/pdic/pdd-training/pdd-training.html>, and utilize the support staff available to assist you at CSSC. The online PDE training material is a more comprehensive source of examples and is the only source of certain material such as report formats and editing rules.

Questions concerning the updated instructions may be addressed to Ann Marshall (ann.marshall@cms.hhs.gov) or Sandra Anderson (sandra.anderson@cms.hhs.gov).

/s/

Cynthia G. Tudor, Ph.D.
Acting Director
Medicare Drug Benefit Group