

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



CENTER FOR MEDICARE

TO: All Part D Sponsors

FROM: Cynthia G. Tudor, Ph.D., Director, Medicare Drug Benefit and C & D Data Group

SUBJECT: CY 2012 Modification to Practices for Part D Data Submitted and Posted on the Medicare Plan Finder

DATE: July 7, 2011

This memo provides an overview of modifications regarding the upcoming submission and posting of CY 2012 Part D data on the Medicare Plan Finder (MPF). The following areas will be discussed:

- Discontinuation of Auto-Certification
- Average Wholesale Price (AWP) Replacement
- Non-Formulary Pricing
- Quality Assurance (QA) Checks
- Suppressible Errors

As of the initial CY2012 MPF pricing data regular submission window (September 12–13, 2011), you will no longer be able to auto-certify your pharmacy cost file (PC) or pricing file (PF) for the CY2012 MPF. Part D Sponsors are required to submit plan finder files during each regular submission window. Part D Sponsors should check the Administrative Console to ensure that all required pricing files are received and validated. If the Administrative Console does not show your required files have been received and validated, the files are considered missing. Sponsors with missing required data files will be suppressed from the MPF. Part D Sponsors should submit their pricing files as early in the submission window as possible, to avoid the risk of unresolved issues before the close of the submission window.

CMS is also updating the source used for default pricing which is displayed on the MPF for non-formulary drugs or formulary drugs without a submitted price. Sponsors that do not submit pricing for NDCs that are on the most current Formulary Reference File (FRF) and their most recently approved formulary, will have pricing for those NDCs appear as default pricing. Default pricing was previously based on AWP but will now be based on Wholesale Acquisition Cost (WAC) data. The default pricing will be calculated as WAC + 20% for brand drugs and WAC +40% for generic drugs.

In addition to changing the source of default pricing, all non-formulary drugs will display with default pricing. This is the case regardless of whether a sponsor submits pricing for non-formulary drugs.

Additionally Part D sponsors are expected to perform QA checks to ensure that required files are complete and accurate. The data displayed on the MPF are used by beneficiaries and caregivers to make the most informed choices when selecting a Part D plan.

Below are three attachments that outline these data checks. Attachment-A describes the checks that are performed on the required pricing and pharmacy files submitted. Attachment-B provides technical specifications where applicable for these checks. Attachment- C contains a listing of data errors that will result in suppression, if data are incorrect. QA checks are continually reviewed throughout the year and are updated as necessary.

All known exceptions that were granted for the 2011 pricing and pharmacy data will be reset for the 2012 QA analyses. If a Part D sponsor receives an outlier notification for their 2012 pricing and pharmacy data, that sponsor must confirm or re-confirm that the data are accurate. If Part D sponsors do not confirm these data, their pricing data may be suppressed on the MPF.

If you have questions regarding this memo, emails should be directed to PlanFinderQA@cms.hhs.gov .

Attachment A

1. Pharmacy Cost (PC) File

- a. Change in PC Network Size – Determine if the retail pharmacy network size had a 10% or greater change compared to the last submission. This check is conducted for all pharmacies and for in-area pharmacies.
- b. High Dispensing Fees – Evaluate if the file contains dispensing fees greater than \$100.
- c. No PC File Submitted – Determine if a PC file contains zero records.
- d. Invalid Pharmacy Number Format –
 - i. Evaluate pharmacy numbers to ensure they are formatted correctly. The pharmacy number should be 12 digits (10 digit National Provider Identifier (NPI) with a leading one and zero)
 - ii. Check to see if the PC contains National Council for Prescription Drug Programs (NCPDP) numbers
- e. Inconsistent Duplicate PC Record – Check for duplicate Pricing Files listed for one pharmacy in one plan. This check will also report duplicate PC records that have any different PC information (e.g. dispensing fee, preferred status, or mail/retail status) for a given plan and pharmacy.
- f. Missing PC Information – Verify that a plan has active pharmacies.
- g. No Mail Order Pharmacies in the PC File
- h. No Preferred Pharmacies (Retail) – Check if organization's uploaded Plan Benefit Package (PBP) indicates that there are preferred retail pharmacies when none are marked preferred in pharmacy cost file
- i. Exclusion of Non-Preferred (Other) Network Pharmacies (Retail) - Check if a plan's network has preferred retail network pharmacies, then there must also be non-preferred (other) retail network pharmacies
- j. Inclusion of Preferred Pharmacies (Retail) – Check if organization's uploaded PBP indicates that there are only other network retail pharmacies but pharmacy cost file indicates preferred retail pharmacies
- k. Pharmacies Marked As Neither Retail Nor Mail Order – Evaluate if a pharmacy is identified as neither retail nor a mail order pharmacy.
- l. Vaccine Administration Fee Outlier –
 - i. Identify any vaccine administration fee field that is populated with a zero or is left blank.
 - ii. Evaluate each Contract_ID/Plan_ID/Segment_ID/Pharmacy_Number combination that is associated with a specific Price File id to ensure that each vaccine administration fee field associated with that Price File id has the same vaccine administration fee amount.
- m. Mail Order pricing not indicated in PBP – Checks if a plan indicates mail order pharmacies when uploaded PBP does not indicate so.

2. Pricing File (PF)

- a. High Unit Cost – Identify National Drug Codes' (NDC) unit costs that are priced at 4 times greater than highest AWP and 4 times greater than the median price for that NDC.
- b. Low Unit Cost – Identify NDC unit costs that are priced at 15 times less than lowest AWP and 15 times less than the median price for that NDC.
- c. Missing Pricing File – Determine if a PF has not been submitted.
- d. No Active Pricing File – Identify contracts that have only submitted non-active pricing file IDs.

- e. PC and PF Mismatch – Identify PF IDs that are expected but have not been submitted. The expected PF IDs are extrapolated from the PC file.
- f. PF Unit Cost Discrepancy – Specify if the unit cost field is missing in the PF.
- g. Potential Brand Priced at Generic – Check products where the brand price is less than or equal to the generic price (The QA will flag contracts where this potential issue occurs with 20 or more NDCs).
- h. Pricing file with duplicate NDC records (different unit costs) – Determine if the PF contains duplicate NDC records with different unit costs.

3. Pricing File (PF) and Formulary File (FF)

- a. PF/FF Mismatch – Determine if the PF is missing pricing for reference NDCs found in the last approved FF.

4. Pricing File (PF) and Excluded Drug File (EDF)

- a. PF/EDF Mismatch – Determine if the PF is missing pricing for NDCs identified in the submitted EDF.

Attachment B

EXCEPTION LIST FOR PART D PLAN COMPARE WEBSITE DATA SUBMISSION

1. PHARMACY COST (PC) FILE

- a. High Dispensing Fees
BRAND_DISPENSING_FEE>100 or GENERIC_DISPENSING_FEE>100
- b. Change in PC Network Size

$$\left| \frac{P_2 - P_1}{P_1} \right| > 0.10$$

where

P₂ is the total number of in-area pharmacies in the current submission

P₁ is the total number of in-area pharmacies in the prior submission

- c. Change in PC Network Size

$$\left| \frac{P_2 - P_1}{P_1} \right| > 0.10$$

where

P₂ is the total number of pharmacies in the current submission

P₁ is the total number of pharmacies in the prior submission

- d. Pharmacies Marked as Neither Retail Nor Mail Order
PHARMACY_RETAIL = 0 AND PHARMACY_MAIL = 0
- e. Vaccine Administration Fee Outlier
VACCINE_ADMINISTRATION_FEE = 0

2. PRICING FILE (PF)

- a. High Unit Cost
RETAIL=1 and UNIT_COST>4*AWP_MAX and (UNIT_COST / UNIT_COST_MEDIAN > 4)
 - MAIL=1 and unit_cost_90>4*AWP_MAX and (UNIT_COST_90 / UNIT_COST_MEDIAN_90 > 4)
- b. Low Unit Cost
RETAIL=1 and UNIT_COST<1/15*AWP_MIN and (UNIT_COST / UNIT_COST_MEDIAN < 1/15)
MAIL=1 and UNIT_COST_90<1/15*AWP_MIN (UNIT_COST_90 / UNIT_COST_MEDIAN_90 < 1/15)

Attachment C

Suppressible Errors

File	Type of Error	Description
PC & PF	PC and PF mismatch	The Pharmacy Cost file submitted contains price file ids that have not been included in the submitted Price File.
PC	Change in PC network size	The PC file has had at least a 10% change in the PC network size.
PC	Different Vaccine Administration Fees	The PC file contains Contract_ID/Plan_ID/Segment_ID/Pharmacy_Number combinations that are associated with the same Price File id that have different vaccine administration fees.
PC	Exclusion of Non-Preferred (Other) Network Pharmacies (Retail)	The PC file does not contain non-preferred (other) network retail pharmacies. The organization's uploaded PBP indicates that you have preferred and non-preferred (other) network retail pharmacies.
PC	High dispensing fees	The PC file contains one or more pharmacies with a high brand and generic dispensing fee.
PF	High unit cost	The PF file contains one or more NDCs priced at 4 times greater than the highest AWP and 4 times more than median for one or more price IDs.
PF	Low unit cost	The PF file contains one or more NDC(s) priced at 15 times less than lowest AWP and 15 times less than median for one or more price IDs.
PC	Missing PC File	No required PC Plan Finder files were submitted.
PC	Missing PC Information	The PC file is missing data for the Plan(s) identified.
PF	Missing PF File	The required PF Plan Finder files were not submitted.
PF	No Active PF File	The files are missing Pricing files for price IDs found in the Pharmacy Cost files.
PC	No Mail Order Pharmacies in the PC File	The PC file does not contain mail order pharmacies. Your organization's uploaded PBP identifies that the plan will be offering mail order.
PC	No Preferred Pharmacies (Retail)	The PC file does not contain preferred retail pharmacies. The organization's uploaded PBP indicates that you have preferred retail pharmacies.
PF	Potential brand priced at generic	The PF file contains GSNs with brands priced at or below generic for one or more price IDs.
PC	Zero or Blank Vaccine Administration Fees	The PC file contains a vaccine administration fee outlier. The PC file's vaccine administration fee field is populated with a zero or is left blank. The Vaccine_Administration_Fee should be the same for each pharmacy within a given PriceID.

PC = Pharmacy cost; PF = Pricing file