



**MEDICARE PLAN PAYMENT GROUP**

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TO: All Part D Plan Sponsors

FROM: Jennifer Harlow, Deputy Director  
Medicare Plan Payment Group

SUBJECT: Updates to the Part D Potential Exclusion Warning Report as of the First Quarter of 2018 - CORRECTION

DATE: January 12, 2018

The Centers for Medicare & Medicaid Services (CMS) will update the Part D Potential Exclusion Warning Report (“Warning Report”)<sup>1</sup> produced in the first quarter of 2018 for contract year 2017. Part D sponsors should address the Prescription Drug Events (PDEs) in the Warning Report within 90 days of release of the report to remain compliant with CMS requirements. This timing is consistent with our previous guidance on the timely submission of PDEs and resolution of rejected PDEs.<sup>2</sup> Part D sponsors should use their best judgment to determine if PDEs need to be adjusted or deleted. It is possible that a PDE flagged on the Warning Report may no longer need to be adjusted or deleted due to, for example, changes in enrollment data that may have occurred after the report was created.

The chart below is a comprehensive list of flagged PDE categories as of the first quarter of 2018. Note that categories have been updated to reflect changes to the date of death editing described in the Health Plan Management System (HPMS) memorandum, *May 2017 Updates to the Drug Data Processing System (“DDPS”)*, April 14, 2017.

Information regarding additional categories or changes to the existing categories will be released in future HPMS memorandum. A list of flagged PDE categories found on the Warning Report prior to the first quarter of 2018 may be found in the HPMS memorandum, *Updates to the Part D Potential Exclusion Warning Report*, February 23, 2017.

Questions regarding this memorandum or the Warning Reports may be emailed to CMS at [pdejan2011@cms.hhs.gov](mailto:pdejan2011@cms.hhs.gov).

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<sup>1</sup> For more information on the Warning Report and the subsequent Part D Exclusion from Reconciliation Report (“Exclusion Report”), see the HPMS memoranda, *Reconciliation PDE Exclusion Process*, January 6, 2014, and *Updates to the Reconciliation Prescription Drug Event (PDE) Exclusion Process*, April 16, 2014.

<sup>2</sup> See the HPMS memorandum, *Revision to Previous Guidance Titled “Timely Submission of Prescription Drug Event (PDE) Records and Resolution of Rejected PDEs,”* October 6, 2011.

The following categories of flagged PDEs that could appear on a Warning Report:

Category		Notes
Enrollment	Beneficiaries retro-actively disenrolled (no enrollment in any Part D plan on the date of service (DOS)), or the DOS on the PDE exceeds the beneficiary date of death by more than the allowed margin. For PDEs with a Date of Service (DOS) prior to 7/1/2017, the allowed margin is 32 days. For PDEs with a DOS equal to or greater than 7/1/2017, 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 margin is 14 days. Otherwise, the margin is 32 days.	Currently, the only category that could carry over to the Exclusion Report.
Low Income Status	Retroactive Low Income (LI) Status or change in LI Copay Levels for the DOS after the PDE was accepted - Beneficiaries awarded Low Income (LI) Status retro-actively	
	Beneficiaries with a loss of LI eligibility after the PDE was accepted	
Prescriber Identifier	Prescription Drug Event (PDE) data with non- National Provider Identifiers (NPIs) in the Prescriber ID field	Only applies to benefit year 2013 since an edit was subsequently implemented to address this category.
Sanctioned Providers	Prescriber listed on Office of Inspector General (OIG) List of Excluded Individuals and Entities (LEIE) and is not assigned an active sanctioned provider waiver	This Warning Report category identifies PDEs that did not receive edit 789, 790, 793 or 794 due to retroactive notification of sanctioned provider status.
	Prescriber listed on OIG LEIE with active sanctioned provider waiver. Verify if waiver applicable	
	Service Provider listed on OIG LEIE and is not assigned an active sanctioned provider waiver	
	Service Provider listed on OIG LEIE with active sanctioned provider waiver. Verify waiver applicable	
Invoiced Outliers	Beneficiary lost Low Income eligibility for the Date of Service after the PDE was accepted	PDEs that meet the criteria for an outlier are included in the Warning Report when another PDE in the same PDE family has been invoiced already.
	Beneficiaries retro-actively disenrolled (no enrollment in any Part D plan on the date of service (DOS)), or the DOS on the PDE exceeds the beneficiary date of death by more than the allowed margin. For PDEs with a DOS prior to 7/1/2017, the allowed margin is 32 days. For PDEs with a DOS equal to or greater than 7/1/2017, if the pharmacy is a Community/Retail Pharmacy Service and the beneficiary lives at home, the margin is 14 days. Otherwise, the margin is 32 days. (subset of PDEs identified in the Enrollment category above)	
	PDE with DOS beyond pharmacy National Council for Prescription Drug Programs (NCPDP) close date	

Category		Notes
	Total Reported Gap Discount Amount for the beneficiary exceeds gap discount threshold (Patient Liability Reduction due to Other Payer amount (PLRO) = 0)	
	Reported Gap Discount Amount on PDE exceeds gap discount threshold	
	Total Reported Gap Discount Amount for the beneficiary exceeds Out-of-Pocket threshold	
Outliers Past Q17 (for non-invoiced benefit years only)	Beneficiary lost Low Income eligibility for the Date of Service after the PDE was accepted	This includes PDEs that met the criteria for an outlier in Q17. These PDEs are posted to the PDE Analysis website in Q17 and are included on the Warning Report until they are resolved.
	Beneficiaries retro-actively disenrolled (no enrollment in any Part D plan on the date of service (DOS)), or the DOS on the PDE exceeds the beneficiary date of death by more than the allowed margin. For PDEs with a DOS prior to 7/1/2017, the allowed margin is 32 days. For PDEs with a DOS equal to or greater than 7/1/2017, if the pharmacy is a Community/Retail Pharmacy Service and the beneficiary lives at home, the margin is 14 days. Otherwise, the margin is 32 days. (subset of PDEs identified in the Enrollment category above)	
	PDE with DOS beyond pharmacy NCPDP close date	
	Total Reported Gap Discount Amount for the beneficiary exceeds gap discount threshold (PLRO = 0)	
	Reported Gap Discount Amount on PDE exceeds gap discount threshold	
	Total Reported Gap Discount Amount for the beneficiary exceeds Out-of-Pocket threshold	