

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



CENTER FOR MEDICARE

DATE: September 25, 2026
TO: All Part D Plan Sponsors, including PACE Organizations
FROM: Shruti Rajan, Acting Director, Medicare Plan Payment Group
SUBJECT: Completion of the 2025 Final Part D Payment Reconciliation

The Centers for Medicare & Medicaid Services (CMS) has completed calculations for the 2025 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, 2026 (Cycle 3);
- All prospective payments made for Part D net of all adjustments processed through the September 2026 payment; and
- Direct and Indirect Remuneration (DIR) information received in the Health Plan Management System (HPMS) by August 6, 2026.

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.

Due to a field-length limitation on the payment file, which serves as an input file in the reconciliation

process, the Direct Subsidy Amount (DSA) on the PRS Inputs Report to Plans may be truncated for beneficiaries with very high DSA values. This is a temporary issue that CMS is addressing for future reconciliations. To ensure that the correct plan-level DSA was used in reconciliation calculations, CMS has added an adjustment amount for affected plans. The adjustment amount will be reflected on the single adjustment detail record of the PRS Inputs Report to Plans identifiable as the first detail record on the report, with the CURRENT CMS MEDICARE BENEFICIARY IDENTIFIER field populated with “ADJUSTMENT.”

The payment reconciliation reports will be available in your reconciliation mailboxes at the Customer Service and Support Center (CSSC) by close of business on Tuesday, October 6, 2026. 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.¹ The report will identify PDEs that were excluded from the 2025 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 2026 payment. Payment is contingent on receipt of the Attestation of Data Relating to CMS Payment to a Medicare Part D Sponsor-CY 2025, which was due by August 18, 2026. See the HPMS memorandum, “2025 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 10, 2026. As described in the memorandum, per 42 C.F.R. 423.505(k)(3) and (5), Part D sponsors are required to certify the

¹ See HPMS memoranda, *Reconciliation PDE Exclusion Process, January 6, 2014, and Updates to the Reconciliation PDE Exclusion Process*, April 16, 2014.

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 September 10, 2026, any payment to be remitted to that sponsor will not be reflected in the November 2026 payment. The payment 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.

Reopening Process

Pursuant to 42 C.F.R. 423.346, CMS may reopen final payment determinations at its discretion. Part D sponsors may submit requests for reopening for CMS review. However, regardless of the reopening requests received, CMS will perform a global reopening approximately six years after 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. If you wish to appeal the Part D payment reconciliation results, your request must be filed and received by October 21, 2026. Requests for appeal should be addressed to Shruti Rajan, Acting Director, Medicare Plan Payment Group, and emailed to the Payment Process Contractor at PartDPaymentSupport@acumenllc.com.

Thank you.