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

CENTER FOR MEDICARE

CENTER FOR MEDICARE

TO: All Part D Sponsors

FROM: Tracey A. McCutcheon, Acting Director, Medicare Drug Benefit and C & D Data
            Group

SUBJECT: Medicare Part D Overutilization Monitoring System

DATE: January 17, 2014

The Medicare Part D Overutilization Monitoring System (OMS) was implemented on July 31,
2013 to help CMS ensure that sponsors have established reasonable and appropriate drug
utilization management programs to assist in preventing overutilization of prescribed
medications as required by 42 C.F.R §423.153 et seq. (HPMS memo, July 5, 2013). Additional
updates were applied to the OMS in the October 2013 release (HPMS memo, October 25, 2013).

This memorandum describes updates to the OMS effective January 31, 2014 which include the
following enhancements:
- Functionality is being added to allow sponsors to report internally-identified potential
  opioid overutilization issues that have not been identified by CMS;
- For each beneficiary-issue ticket, prior contract IDs will be shown in applicable reports if
  prescription drug event (PDE) data from previous contracts of enrollment contributed to
  the beneficiary's potential overutilization during the measurement period; and,
- The response processing logic for certain overutilization issue response codes is being
  revised and a new response code, CDO, will be available.

Sponsor-Identified Potential Overutilization Issues

Currently, beneficiaries with potential opioid or acetaminophen (APAP) overutilization issues
identified through analyses of PDE data using methodology developed by CMS, and
beneficiaries referred by the CMS Center for Program Integrity (CPI) due to possible utilization
issues, are reported to sponsors on a quarterly basis. While we are providing reports that identify
potential outliers in drug use, sponsors are expected to develop their own targeting criteria to
identify which beneficiaries should be subject to case management (referred to herein as
"Sponsor-Identified Potential Overutilization Issues").

The OMS will allow sponsors to submit Sponsor-Identified Potential Overutilization Issues
(SPIs) related to opioids each quarter. Sponsors should complete their review of these
beneficiaries before submitting the SPIs. Sponsors are encouraged to report SPIs because SPIs
that are identified as known exceptions may be excluded from future reporting as potential
overutilization issues through the regular OMS process.

The quarterly Overutilization Monitoring Package will include a new Sponsor-Identified Potential Overutilization Issue Reporting Form. Each sponsor is expected to indicate on the SPI Reporting Form if they do or do not have any SPIs to report, add new SPIs to the Reporting Form, and upload the Reporting Form to the Patient Safety Analysis website. If there are no SPIs to report, sponsors should indicate so on the SPI Reporting Form and upload it to the Patient Safety Analysis website. The deadline for the quarterly submission of SPI Reporting Forms will coincide with the regular OMS response deadline, which is generally 30 days after the release of the Overutilization Monitoring Packages.

Current Overutilization Issue Reports

The quarterly Overutilization Monitoring Package includes reports identifying each contract's current potential APAP, opioid, CPI and closed overutilization issues. Beginning with the January 2014 reports, if the PDE data from a beneficiary's prior contracts of enrollment contributed to the potential overutilization issue, the reports will include the prior contract IDs. The availability of the prior contract IDs facilitates outreach to the prior contracts about the overutilization issues of any beneficiary who switched plans. If prior contract IDs are not included, the potential overutilization issue was determined using only PDE data of the current contract.

Overutilization Issue Response Codes

The response processing logic will be revised as follows:

- The BXD response code, which means no further review planned because the beneficiary has an exempt diagnosis, will be disallowed for APAP overutilization issues. This code will now only apply to opioid and CPI overutilization issues.

- A new response code, CDO, will be added. CDO should be submitted if prescriptions contributing to the potential overutilization are approved due to a favorable coverage determination or appeal requested by or on behalf of a beneficiary. If the prescriptions authorized by the coverage determination or appeal are excluded from the overutilization calculations, the beneficiary's utilization would not exceed the potential overutilization threshold. CDO responses will be treated as known exceptions.

- For CPI overutilization issues, any response code will close the issue except INC. If INC responses are submitted, the sponsor is expected to complete the review of the beneficiary's case and submit another response in the next quarterly cycle. Closed CPI issues will not appear on future OMS reports unless the beneficiary is flagged again for review by CPI.

Overutilization Monitoring System User Guide

The Overutilization Monitoring System User Guide is available on the Help Documents page of the Patient Safety Analysis Website. Additional details of the changes described above will be included in the updated User Guide.

Any general questions related to the CMS overutilization management requirements should be sent via email to PartDPolicy@cms.hhs.gov. For questions related to the Medicare Part D Overutilization Monitoring System, send an email with "OMS" in the subject line to PartDPolicy@cms.hhs.gov. For technical questions related to the user authorization process or access to the website or reports, please contact Acumen at PatientSafety@AcumenLLC.com or by phone at (650) 558-8006.