

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



**CENTER FOR MEDICARE**

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**DATE:** October 16, 2019

**TO:** All Part D Plan Sponsors, including PACE Organizations

**FROM:** Jennifer R. Shapiro, Acting Director, Medicare Plan Payment Group

**SUBJECT:** Completion of the 2018 Final Part D Payment Reconciliation

The Centers for Medicare & Medicaid Services (CMS) completed the calculations for the 2018 Final Part D Payment Reconciliation. The 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 20190628 Cycle 3;
- All prospective payments made for Part D net of all adjustments processed through the September 2019 payment; and
- Direct and Indirect Remuneration (DIR) information received in the Health Plan Management System (HPMS) by August 21, 2019.

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 Reconciliation (*i.e.*, payments made as a result of risk sharing) would not be subject to sequestration.

The payment reconciliation reports will be available in your reconciliation mailboxes at the Customer Service and Support Center (CSSC) on Thursday, October 17, 2019. 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. The Part D Exclusion from Reconciliation Report was described in the January 6, 2014 HPMS memorandum, “Reconciliation PDE Exclusion Process” and the April 16, 2014 HPMS memorandum, “Updates to the Reconciliation PDE Exclusion

Process.” The report will identify PDEs that were excluded from the 2018 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 the November 2019 payment. Payment is contingent on receipt of the Attestation of Data Relating to CMS Payment to a Medicare Part D Sponsor-CY 2018 and the Attestation of Plan-to-Plan Reconciliation Payment Data-CY 2018, which were due by September 13, 2019. See the HPMS memorandum, “2018 Attestations of Prescription Drug Event Data (PDE), Direct and Indirect Remuneration (DIR) Data, Monthly Plan-to-Plan (P2P) Reconciliation Payments, and the Detailed DIR Report” dated August 30, 2019. As described in the memorandum, per 42 CFR 423.505(k)(3) and (5), Part D sponsors are required to certify the 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 attestations by October 1, 2019, the payment adjustment for that sponsor will not occur in the November 2019 payment. The payment will occur after the attestations are 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. Part D sponsors can submit requests for reopening, as instructed in the December 29, 2015 HPMS memorandum, “Revised Reopening Request Process and Notification of Overpayment Related to PDE and DIR Data.” CMS will review all submitted reopening requests, however, note that CMS will perform a global reopening approximately four years after sending the reports and/or payments associated with the initial reconciliation for a contract year. For more information, see the April 6, 2018 HPMS memorandum, “Reopening Process and Updates to the PDE/DIR-related Overpayment Reporting.”

Any questions regarding the reopening process can be sent to the Payment Process Contractor, Acumen, at [PartDPaymentSupport@acumenllc.com](mailto:PartDPaymentSupport@acumenllc.com).

### *Appeals Process*

Pursuant to 42 C.F.R. 423.360, 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.<sup>1</sup> If you wish to appeal, your request must be filed and received by November 1, 2019. Requests for appeal should be addressed to Jennifer R. Shapiro and emailed to the Payment Process Contractor at [PartDPaymentSupport@acumenllc.com](mailto:PartDPaymentSupport@acumenllc.com).

If you intend to mail your appeal, submit the appeal to the Payment Process Contractor at the following address:

Acumen, LLC  
Attn: Part D Payment Support  
500 Airport Blvd, Suite 365  
Burlingame, CA 94010

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<sup>1</sup> Note that the reopening process described in the May 8, 2008 HPMS memorandum, *The Part D Reopenings Process and the Part D Appeals Process*, has been updated by the April 6, 2018, June 1, 2017, and December 29, 2015 HPMS memoranda. However, the appeals process described in the May 8, 2008 memorandum is still current and should be followed to file an appeal.