DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR BENEFICIARY CHOICES

DATE: April 12, 2006

To: All Part D Sponsors

Subject: Synchronizing HPMS and Plan Finder Formulary Files

From: Cynthia Tudor, Ph.D., Acting Director, Medicare Drug Benefit Group

As part of CMS' continued monitoring and oversight of Part D activities, several inconsistencies between formulary data submitted to the Health Plan Management System (HPMS) and the Medicare Prescription Drug Plan Finder have been identified. Some of the discrepancies include:

- Exclusion of drugs from the six classes of clinical concern;
- Indication of utilization management (UM) tools (e.g. prior authorization, quantity limits, and step therapy) without approval by CMS; and
- Tier mismatches between files.

It is vital that Part D Plans eliminate data inconsistencies and ensure accurate formulary data are provided to current Plan enrollees, as well as, to Medicare beneficiaries who are evaluating their plan options.

As a result, please see the attached document (*Formulary File Synchronicity*) outlining the process for making changes to your files based on the type of inconsistency identified. Plans will be held to these standards effective May 1, 2006 (this will reflect the pricing data submitted to DestinationRx on April 19, 2006). Any plan that is found to be out of compliance with this guidance will have their pricing data suppressed on www.medicare.gov as of May 1, 2006 until necessary data corrections are made. In addition, plans may face other corrective actions if these discrepancies continue to persist.

We appreciate your continued cooperation in implementing the Medicare drug benefit. Questions regarding this guidance should be directed via email to either Vikki Oates at vikki.oates@cms.hhs.gov or Aaron Eaton at aaron.eaton@cms.hhs.gov.

Formulary File Synchronicity

For any discrepancies identified between HPMS and Plan Finder formulary files, Plans must follow the steps below to make changes.

Six Classes of Clinical Concern:
CMS requires that all plan formularies include substantially all drugs in the following six categories (including generics and older brand products): antidepressant, antipsychotic, anticonvulsant, antineoplastics, immunosuppressant and antiretroviral. These drugs must be included in both the HPMS and pricing files submitted to DestinationRx, and these drugs must be listed at identical formulary tiers.

"Substantially all" in this context means that all drugs in these categories are expected to be included in plan formularies, with the specific exceptions noted in previous formulary guidance (www.cms.hhs.gov/PrescriptionDrugCovContra/Downloads/FormularyGuidanceAllorSubAll.pdf). While the HPMS formulary file contains proxy NDC codes to represent formulary drugs, the DestinationRx formulary file must contain all necessary dosage forms for each of the drugs within the six classes of clinical concern.

The addition of missing drugs or dosage forms on the DestinationRx file should be submitted during the bi-weekly Wednesday data submission window.

Utilization Management Tools:
If a discrepancy in the UM flags is identified between the DestinationRx file and HPMS approved formulary, Plans must change the more restrictive file to correspond to what is reflected in the other file. For example, when a drug is not labeled with a UM flag in the DestinationRx file but the same drug listed in the HPMS file has a UM tool indicator, the HPMS file must be changed to remove the UM requirement. This ensures that beneficiaries receive access to the benefit they chose, based on data displayed on www.medcare.gov. This protects the beneficiaries from any activity that could be perceived as bait and switch.

The removal of UM flags from the HPMS file (when it is not reflected on the DestinationRx file) should occur during the next available monthly HPMS formulary upload period. The removal of UM flags from the DestinationRx file (when such flag is not reflected on the HPMS formulary file) should be submitted during the bi-weekly Wednesday submission window.

Tier Mismatches:
If a discrepancy in the tier of formulary drug is identified between the DestinationRx file and HPMS approved formulary, Plans must move the drug from the higher cost-share tier to correspond to the lower cost-share tier reflected in the other file. For example, when a drug is listed under tier three in the DestinationRx file but the same drug is listed in tier two in the HPMS file, the DestinationRx file must be changed to show that drug on tier two. This ensures that beneficiaries are not substantially discouraged from enrolling in a Plan based on inaccurate cost-share information displayed on www.medcare.gov. This protects the beneficiaries from any activity that could be perceived as discriminatory.

Questions regarding this guidance should be directed via email to either vikki.oates@cms.hhs.gov or aaron.eaton@cms.hhs.gov.