



**Center for Medicare
Medicare Plan Payment Group**

Date: December 22, 2010

To: All Part D Plan Sponsors

From: Cheri Rice, Acting Director
Medicare Plan Payment Group

Subject: Part D Payment Reconciliation Reopening for 2006 and 2007 and Closing the Drug Data Processing System (DDPS) Database Three Years following the end of Each Contract Year

Pursuant to 42 C.F.R. § 423.346(a)(1), CMS will be reopening the 2006 and 2007 Part D payment reconciliations with Part D sponsors in the spring of 2011. CMS is currently evaluating all reopening requests received to date and the 2006 and 2007 Annual Direct and Indirect Remuneration (DIR) data submitted through August 31, 2010. CMS will also evaluate all PDE data submitted and accepted for both benefit years through 11:59 PM on January 30, 2011. For the reporting of any outstanding changes to the 2006 and 2007 DIR data, CMS will open the gates in the Health Plan Management System (HPMS) for resubmission of the 2006 and 2007 DIR Reports for Payment Reconciliation from December 27, 2010 to January 14, 2011. To be considered in the 2006 and 2007 reopening, PDE data must be received by the January 30th deadline and DIR data must be received by the January 14th deadline.

CMS will evaluate the reopening requests and data mentioned above to determine whether to reopen program-wide or for a subset of Part D sponsors. CMS will publish subsequent guidance regarding the reopening schedule and attestations required for the reopening. If CMS has questions about the reopening requests received or the 2006 and 2007 Annual DIR reports, StrategicHealthSolutions (Strategic) will be in contact with the Part D sponsor. If you are requesting a reopening, please file the reopening request with Strategic and use the format described in the May 8, 2008 HPMS memorandum titled, "The Part D reopening process and the Part D appeals process."

A three year period for coordination of benefits (COB) was recently established in 42 C.F.R. §423.466. Accordingly, Part D sponsors must coordinate benefits with SPAPs, other entities providing prescription drug coverage, beneficiaries, and others paying on the beneficiaries' behalf for a period not to exceed three years from the date on which the prescription for a covered Part D drug was filled. The three year period begins with the date on which the prescription for the covered Part D drug is filled. The date on which the prescription for a covered Part D drug was filled is reported on the PDE as the date of service (DOS).

Given this newly established time limit for coordination of benefits for 2008 and future years, CMS intends to close the DDPS database thirty-seven months following the end of each contract year. This applies to all Part D contracts with the exception of the LI-NET contract. This schedule allows for the full three year period for COB to occur for PDEs with DOS on December 31st of a contract year. It is our expectation that Part D sponsors are submitting PDE files timely, and therefore PDEs should be stored in the DDPS well before CMS closes the database.

Effective with the CMS April 2011 release, DDPS will begin rejecting PDEs with DOS in benefit years 2006 and 2007. We will notify Part D sponsors of the exact date in a future HPMS announcement.

Questions about the information in this guidance can be directed to Strategic at PartDPaymentReview@strategichs.com.