DEPARTMENT OF HEALTH & HUMAN SERVICES
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**CENTER FOR MEDICARE**

TO: All Part D Sponsors

FROM: Cynthia G. Tudor, Ph.D., Director, Medicare Drug Benefit and C & D Data Group

SUBJECT: Medicare Part D Overutilization Monitoring System - Updates

DATE: October 25, 2013

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).

This memorandum describes updates to the OMS effective October 31, 2013. Based on feedback from Part D sponsors and our experience since the release of the first OMS reports, CMS is revising the OMS as described below. The addition of new functionality, including submission to OMS by Part D sponsors of beneficiary-specific POS edit information and beneficiaries identified as having potential overutilization based on sponsors' internal criteria, is delayed until further notice.

## Overutilization Issue Types

Beneficiaries who may be taking more than 4 grams of acetaminophen (APAP) per day for more than 30 days within a six-month period are identified as potential APAP overutilization outliers. To reduce false positives, the APAP overutilization measure will be revised to require that potential overutilization occurs on at least one day in the most recent calendar quarter (i.e., the potential overutilization appears to be continuing). The APAP overutilization metric will be:

- APAP overutilization: Beneficiaries who may be taking more than 4g of APAP per day for 30 or more days within any six month period during the measurement cycle, and at least one day of overutilization occurs in the most recent calendar quarter.

The definition for the opioid overutilization metric is not changing. However, the morphine equivalent dose (MED) conversion factor for tapentadol will be reduced from 1.0 to 0.4 based on recommendations from the Centers for Disease Control and Prevention (CDC), and will be updated in the medication list on the Patient Safety Analysis Website. In addition, identification of beneficiary exclusions due to certain cancer diagnoses will be improved for the opioid measure by applying current diagnoses from Part A/B claims data for PDP and MA-PD beneficiaries, in addition to RAPS data for MA-PD beneficiaries.

The analysis for the October reports will be based on prescription drug event (PDE) data submitted and received by CMS as of September 30, 2013 with dates of service between January 1, 2013 and September 30, 2013.

**Overutilization Issue Response Codes**

The response codes and processing logic will be revised as follows. The descriptions of the response codes will be expanded in the User Guide.

- BII, No further review planned: Beneficiary Institutionalized or Incarcerated, response code will be deleted. Disenrollment due to institutionalization or incarceration will be included in response code BDS. BDS should be used to report beneficiary disenrollment or lack of Part D eligibility for all reasons except disenrollment due to death. Disenrollment due to death should continue to be reported using response code BDC, No further review planned: Beneficiary is deceased.

- PS3, Type 3 Beneficiary-level POS Edit, response code will be added, defined as: Beneficiary-level edit determined necessary: All claims for this drug alone or in combination are restricted to the FDA maximum daily dose. At this time, PS3 will apply only to APAP overutilization.

- ADM, Administrative Error, response code will be added, defined as: Potential overutilization calculated due to administrative error. Examples include wrong provider number or incorrect days supply submitted on claim. Therefore, if the administrative error is corrected, the potential overutilization is not present.

- SPC, Special Circumstances, response code will be added, defined as: Potential overutilization calculated as a result of a prescription authorized to be dispensed due to special circumstances. Examples include a vacation supply, replacement of lost medication, or medication synchronization. The potential overutilization is not present after the special circumstances are considered.

It is not appropriate to submit PS1, PS2, or PS3 response codes to OMS for general, system-wide POS edits such as claim-level APAP high dose DUR alerts. These response codes are intended to designate beneficiary-specific POS edits implemented based on case management review of the beneficiary's potential overutilization of medications. Known exception logic for PS1, PS2, and PS3 response codes will be applied only after CMS receives the beneficiary-specific POS edit notice from the plan sponsor.

If the INC response code is submitted, the sponsor will be required to submit a more definitive response in the following quarter, even if the overutilization is resolved or has been discontinued.

The drop-down list of response codes will be updated as described above on the Overutilization Issue Response Form. Response code PS3 only applies to the use of APAP, and will be disallowed if entered for opioid or CPI overutilization issues.

**Uploading Response Forms**

Due to the Thanksgiving Holiday, the submission deadline to upload response forms for the October OMS reports is extended to Friday, December 6, 2013 at 11:59 PM (PST).

**Overutilization Monitoring System User Guide**

The Overutilization Monitoring System User Guide is available on the Help Documents page of the Patient Safety Analysis Website. The changes described above will be included in the updated User Guide, as well as additional information based on questions submitted to CMS.

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.

Thank you for your continued dedication to helping our beneficiaries.