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**DATE:** February 22, 2021

**TO:** All Part D Sponsors

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

**SUBJECT:** Completion of the Coverage Gap Discount Reconciliation for Benefit Year 2019

The Centers for Medicare & Medicaid Services (CMS) completed the calculations for the 2019 Final Part D Coverage Gap Discount (CGD) Reconciliation. The calculations were performed in accordance with § 1860D-14A of the Social Security Act and 42 C.F.R. § 423.2320. The reconciliation calculations utilize the following:

- All CGD Prescription Drug Event (PDE) data with a processed date, found on the Prescription Drug Front-end System (PDFS) response report, on or before 20200630 Cycle 3 and invoiced through the Quarter 6 invoice for 2019;
- The prospective Coverage Gap Discount Subsidy Amounts (CGDSA) beginning with January 2019 and ending with 2019 adjustments in January 2020; and
- All plan information received in the Health Plan Management System (HPMS) through January 2021 for calendar year 2019.

In accordance with § 256(d) of the Balanced Budget and Emergency Deficit Control Act (BBEDCA), CMS reduces the prospective CGDSA by two percent.<sup>1</sup> However, the actual discounts collected from the pharmaceutical manufacturers are not subject to sequestration. CMS computed two percent reductions to CGDSA due to sequestration for purposes of computing the Part D CGD reconciliation. Payments beginning in January 2019 and ending in December 2019, as well as adjustments through January 2020, were used to compute the two percent sequestration reduction amount.

Because the sequestration amount subtracted from the prospective CGDSA is at the contract level and reconciliation is performed at the plan benefit package (PBP) level, CMS reallocates sequestration amounts to the PBP level prior to performing reconciliation calculations. If a contract has more than one PBP, the sequestration amount is allocated among the PBPs based on member month count (MMC) for the PBP for calendar year 2019. For example, if a contract has two PBPs, PBP "A" with 60 member months and PBP "B" with 40 member months, 60 percent of the total sequestration amount for the contract is allocated to the PBP "A" and the

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<sup>1</sup> HPMS memoranda, *Additional Information Regarding the Mandatory Payment Reductions in the Medicare Advantage, Part D, and Other Programs*, May 1, 2013.

remaining sequestration amount is allocated to the PBP “B.” The sequestration amount will be reflected on your CGD reconciliation inputs report on the Medicare beneficiary identifier record identified as “ADJUSTMENT.”

The CGD reconciliation reports will be distributed to impacted sponsors for download via the Third Party Administrator Portal on March 4, 2021. If you cannot access these reports, please contact the TPA at 877-534-2772, Option 1.

Payment adjustments to remit and recover these calculated CGD reconciliation amounts are planned for the April 2021 payment. As part of the Part D CGD reconciliation process, these final reconciled gap discount program payments will be subject to the reopening and appeals provisions found at 42 C.F.R. § 423.346 and 42 C.F.R. § 423.350, respectively.

### ***Reopening Process***

CMS may reopen final CGD 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.”

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

### ***Appeals Process***

Appeals are filed when a plan sponsor does not believe that CMS applied its stated payment methodology correctly. Refer to 42 C.F.R. § 423.350 and the May 8, 2008 HPMS memorandum, “The Part D Reopenings Process and the Part D Appeals Process.”<sup>1</sup> Note that the contact information in the May 8, 2008 memorandum has changed and is reflected below.

If you wish to appeal, your request for reconsideration must be filed and received by March 19, 2021. Requests for reconsideration should be addressed to Jennifer R. Shapiro, Director, Medicare Plan Payment Group, and emailed to the Payment Process Contractor at [PartDPaymentSupport@acumenllc.com](mailto:PartDPaymentSupport@acumenllc.com).

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

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

Thank you.

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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 December 29, 2015, June 1, 2017, and April 6, 2018 HPMS memoranda. However, with the exception of the contractor address, the appeals process described in the May 8, 2008, memorandum is still current and should be followed to file an appeal.