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

CENTER FOR MEDICARE

DATE: September 30, 2021

TO: All Part D Plan Sponsors

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

SUBJECT: Updates to the Drug Data Processing System

The Centers for Medicare & Medicaid Services (CMS) is announcing upcoming changes to the Drug Data Processing System (DDPS). CMS will post an updated PDE Edit Code Listing spreadsheet, PDE Inbound File Layout, and PDE Outbound File Layout to the Customer Service and Support Center ("CSSC") Operations website at http://www.csscoperations.com. Please submit questions regarding these updates to PDEJan2011@cms.hhs.gov.

Update to Tier – Field 51

Beginning in the 2022 benefit year, plans have an option of creating up to seven formulary tiers[1]. The Tier field will be updated to allow a Value of 1-7 or remain blank. For PDEs with a date of service (DOS) prior to January 1, 2011, the field must be blank for all plan types. For PDEs from PACE plans with a DOS of 1/1/2011 and forward, the field must be blank. For PDEs for non-PACE plans with a DOS of 1/1/2011 through 12/31/2021, the field must be a numeric value of 1-6. For PDEs for non-PACE plans with a DOS of January 1, 2022 and forward, the field must be a numeric value of 1-7.

The message for Edit Code 658 will be updated to "The Tier is missing or invalid. For DOS 1/1/2022 and forward, must be blank or a numeric value from 1-7. For DOS between 1/1/2011 and 12/31/2021, must be blank or a numeric value from 1-6. For DOS prior to 1/1/2011, must be blank."

Update to Edit Code 870

As previously addressed in the August 27, 2021 CSSC Listserv and effective August 30th, 2021, CMS has modified PDE Edit Code 870 ("Reported Gap Discount <> CMS Calculated Gap Discount +/- 0.05") by adding a bypass condition. Prior to August 30, 2021, Edit Code 870 may have triggered for Part D Senior Savings Model drug PDEs that would have straddled from the coverage gap phase to the catastrophic phase, but for the fact that this model reduces the patient

[1] Final Rule, Medicare and Medicaid Programs; Contract Year 2022 Policy and Technical Changes to the Medicare Advantage Program, Medicare Prescription Drug Benefit Program, Medicaid Program, Medicare Cost Plan Program, and Programs of All-Inclusive Care for the Elderly, 86 FR 5864 (January 19, 2021).

pay such that the beneficiary's TrOOP (True out-of-pocket) costs do not meet the out-of-pocket threshold. This scenario is detailed in PDE Example #3 in the Health Plan Management System (HPMS) memorandum, "*CORRECTION - Part D Senior Savings Model Prescription Drug Event (PDE) Reporting Guidance (Part 2)",* September 24, 2021. Beginning on August 30, 2021 for dates of service beginning on 1/1/2021, when a PDE meets the following conditions, the PDE bypasses Edit Code 870:

- Submitting PBP is a Part D Senior Savings Model Participant
- Date of Service >= 01/01/2021
- PDE is squarely in the Gap
- PLRO > 0
- REPORTED GAP DISCOUNT <= CMS CALCULATED GAP DISCOUNT
- GDCB > (TrOOP Threshold for the benefit year - TrOOP Accumulator)/ (1 – covered plan cost-sharing percentage)
- For PDEs with DOS >= 01/01/2022, the Part D Model Indicator is BLANK.

When the Part D Model Indicator field is added to the PDE file layout (see below for more information), the CMS calculated gap discount logic will be updated, and this bypass condition will no longer be necessary. PDEs that meet the criteria for this bypass will be subject to additional analysis by CMS.

Participating Part D Senior Savings Model plan sponsors that believe they received Edit Code 870 in error for 2021 benefit year PDEs with dates of service on or after January 1, 2021 should resubmit their PDEs on or after August 30, 2021.

New PDE field – Part D Model Indicator

Beginning January 1, 2022, applicable to the 2022 benefit year and to future benefit years, the PDE file layout will include a new field – "Part D Model Indicator." Filler field in Field 20/position 181 – 182 on the current PDE file layout will be repurposed for this indicator. The Part D Model Indicator field will assist CMS with appropriately adjudicating model PDEs that have unique reporting requirements resulting from participation in Part D Models. The "Part D Model Indicator" field will be populated by the Part D plan sponsor (or their pharmacy benefit manager (PBM)) with a two-digit numeric value to indicate that the PDE describes:

- a Part D Senior Savings Model eligible PDE ('07')

If the PDE is not a plan selected model drug in the Part D Model, then the field should be left blank. When the Part D Model Indicator is populated with '07', CMS will use the model-specific calculation when applying the gap discount formula to the discount eligible drug cost falling in the gap phase. The model-specific calculation will not account for supplemental benefits, in accordance with the parameters of the Part D Senior Savings Model. This will also ensure gap to catastrophic straddle claims are appropriately calculated and the Edit Code 870 bypass condition described above will no longer be necessary.

New Part D Model Indicator DDPS Edits 676, 723, 733, 773, and 845

Beginning January 1, 2022, for all PDEs with dates of service on or after January 1, 2022, CMS is creating five new edits in support of the Part D Model Indicator field:

Edit Code 676 is returned and the PDE will reject if:

1. The True Out-of-Pocket Accumulator = the Out-of-Pocket Threshold AND
2. The Part D Model Indicator is '07'.

The Model does not change cost sharing in the catastrophic phase. When Edit Code 676 is returned, the edit message will state, "For DOS 1/1/2022 and forward, if True Out-of-Pocket Accumulator = OOP Threshold, Part D Model Indicator cannot be '07' (Part D Senior Savings Model)."

Edit Code 723 is returned and the PDE will reject if:

1. The beneficiary is eligible for LICS AND
2. The Part D Model Indicator is '07'.

When Edit Code 723 is returned, the edit message will state, "Part D Model Indicator cannot be '07' (Part D Senior Savings Model). Beneficiary is eligible for LICS subsidy."

Edit Code 733 is returned and the PDE will reject if:

1. The Part D Model Indicator is not BLANK AND
2. The submitting contract/PBP is not a participant in the Part D Model on DOS.

When Edit Code 733 is returned, the edit message will state, "The Submitting Contract/PBP is not a participant in the Part D Model on Date of Service."

Edit Code 773 is returned and the PDE will reject if:

1. The Drug Coverage Status is 'E' = supplemental drugs or 'O' = over-the-counter drugs AND
2. The Part D Model Indicator is not BLANK.

When Edit Code 773 is returned, the edit message will state, "If Drug Coverage Status Code is 'E' or 'O', then the Part D Model Indicator must be blank."

Edit code 845 is returned and the PDE will reject if:

1. The Part D Model Indicator is invalid.

When Edit Code 845 is returned, the edit message will state, "The Part D Model Indicator is invalid. For DOS 1/1/2022 and forward, must be blank or a numeric value 07. For DOS prior to 1/1/2022, must be blank."

Changes to Edit Code 706 and 707

Effective January 1, 2022, CMS will modify logic for Edit Code 706 ("This DOS does not fall in a valid P2P period. The Beneficiary must be enrolled in this Contract on the DOS") and Edit Code 707 ("The Beneficiary must be enrolled in this Part D Plan Benefit Package on the DOS").

Prior to this update, plans with beneficiaries that had retroactive disenrollments where a prior enrollment record was reinstated were unable to adjust or delete their submitted PDEs. Edit Code 706 will now be bypassed for P2P deletions and P2P adjustments submitted prior to the plan year reconciliation cut-off date. Edit Code 707 will now be bypassed for P2P adjustments submitted prior to the plan year reconciliation cut-off date. PDEs that meet the criteria for this bypass will be subject to additional scrutiny by CMS.

Thank you.