

DEPARTMENT OF HEALTH & HUMAN SERVICES
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CENTER FOR BENEFICIARY CHOICES

Date: February 27, 2008

To: All Part D Plan Sponsors

From: Thomas Hutchinson
Director, Medicare Plan Payment Group

Subject: Q&A Addressing Plan-to-Plan (P2P) Payments

In response to questions concerning P2P Payments, CMS is releasing the following Question and Answer (Q&A). This Q&A provides guidance which should help to clarify how payments should be made for P2P activity.

Question: A contract appears on my P2P Payable Report (Report 43) and also appears on my P2P Receivable Report (Report 41) for the same month. According to Report 43, my contract owes this contract \$500.00. According to Report 41, the contract owes my contract \$200.00. Can I send this sponsor a payment for \$300.00, instead of exchanging payments for the P2P amounts?

Answer: It is not appropriate for sponsors to net payments to one another. Sponsors are to pay “in full” the amounts shown on Report 43. In this situation, your contract should send a payment for \$500.00. The other contract will send you a payment for \$200.00

Question: I receive payments from sponsors for P2P amounts but many times there is no supporting documentation indicating if payment is for one P2P report, more than one benefit year, or several P2P reports. How should sponsors address this issue?

Answer: Sponsors are required to pay one another within thirty days of the date on which CMS distributes P2P Reports. Prompt payment based upon the most recent P2P Reports will help the sponsor receiving the payments to account for the payment amounts. Sponsors should not send lump sum payments for previous months.

If a sponsor sends one payment for two benefit years, for example, a sponsor sends payments for January 2008 Report 43 for Benefit Year 2007 and from January 2008 Report 43 for Benefit Year 2008, the sponsor should specify that they are sending payments for two different benefit years so that the contract receiving the payments can understand exactly how to account for the payments. The documentation should include the month and benefit year of the report(s) for which the payment is made and Contract number(s).

If a sponsor discovers it has failed to make a timely payment and remits payment after the required 30 days, the sponsor shall send to the recipient a detailed breakdown of the payment by payable month. Payment of the entire payable within 30 days does not require this special notification.

If a Submitting Contract receives a payment and cannot account for the payment based on reviewing their Report 41, the Submitting Contract should contact the contract sending the payments to request the exact month(s) and benefit year(s) of the Report 43 for which the contract is sending payments.

As stated in the P2P guidance, it is inappropriate for a contract to require additional documentation or to question the accuracy of the P2P reports. The request to obtain information as to which monthly P2P Report and benefit year to attribute a payment is appropriate. This information is not considered proprietary information.

Question: I am owed P2P amounts from a Part D Sponsor that no longer offers Medicare Part D. What should I do if the sponsor does not send the P2P payment?

Answer: Despite no longer offering Medicare Part D, the sponsor is still obligated to follow the P2P Guidance and should send payment within thirty days of the date on which CMS distributes the P2P Report. If payment is not sent within thirty days, you should contact the organization. The P2P contact information is found in HPMS. A terminated contract may not be on the most current list of P2P contacts. All previous P2P contact lists are found in “HPMS In the News Archive”.

Question: On January 30, 2008, CMS announced the ability to accept 2006 P2P PDEs to be included in the reopenings. Will sponsors receive multiple P2P reports showing the P2P activity?

Answer: CMS will provide a consolidated P2P report, which will consists of 2006 P2P PDE data processed from August 2007 through March 2008. It is expected that sponsors will pay the full amounts within thirty days from the date on which CMS distributes the P2P reports.

Additional Information

The above Q&A addresses payment concerns in which the Contract of Record owes the Submitting Contract P2P amounts. The Q&A also applies to situations in which the Submitting Contract has a negative receivable on Report 41. In this situation, the Submitting Contract should pay the full amount to the Contract of Record within the thirty day time period from the date on which CMS distributes the P2P Report. The Submitting Contract should provide the Contract of Record the month and benefit year for which they are providing payment so that the Contract of Record can appropriately account for the payment.

If you have questions regarding this Q&A, please contact Amanda Ryan at Amanda.ryan@cms.hhs.gov.