

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
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## CENTER FOR BENEFICIARY CHOICES

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### MEMORANDUM

**DATE:** March 4, 2008

**To:** All Part D Plan Sponsors

**From:** Cynthia Tudor, Ph.D., Director, Medicare Drug Benefit Group

**Subject:** Final Medicare Part D Reporting Requirements for Contract Year (CY) 2008

We are pleased to report that CMS has received OMB approval for the 2008 Part D Reporting Requirements. The final OMB approved Part D Reporting Requirements for Contract Year (CY) 2008 are posted at [http://www.cms.hhs.gov/PrescriptionDrugCovContra/08\\_RxContracting\\_ReportingOverview.aspx](http://www.cms.hhs.gov/PrescriptionDrugCovContra/08_RxContracting_ReportingOverview.aspx). This version is considered final and incorporates any enhancements or clarifications made as a result of multiple public comment periods during 2007.

CMS reminds Part D sponsors that the regulations at 42 C.F.R. §423.514(a) obligate sponsors to comply with the reporting requirements stated in the document. Compliance requires that the data not only be submitted in a timely manner, but that they also are accurate. During the first two years of the Part D program, CMS has identified several patterns of non-compliance due to the submission of inaccurate data. Sponsors must take care not to repeat these patterns during the current and future contract years.

Generally, sponsors must perform a thorough quality control analysis of their data before submitting it to CMS, as we have seen several examples where it was clear that sponsors made no effort to review their data. For example, one sponsor reported the per member per month drug cost of a beneficiary participating in a medication therapy management (MTM) program as \$11 million when the average cost across the Part D program was \$494. We have also received reports that show no claims activity in a given quarter for sponsors that have 50 or more enrollees. Similarly, some sponsors with significant levels of plan enrollment have reported no generic drug dispensing activity in a particular quarter, an extremely unlikely occurrence. Finally, for one quarter one plan reported 94,277 grievances generated by 322 enrollees, which is a rate of 292,483 per 1,000 enrollees. This is potentially created by the sponsor counting all incoming customer

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service center calls rather than only those that were specifically a grievance. These errors reflect a gross miscalculation of data reported to CMS.

Only data that reflect a good faith effort by a sponsor to provide accurate responses to Part D reporting requirements will count as data submitted in a timely manner. As a result, sponsors must discontinue the practice of submitting “placeholder” data (e.g., submitting the value “0” in reporting fields in HPMS). Sponsors should also know that CMS tracks resubmissions, including the number of resubmissions after the deadline. Failure to resubmit after requesting for resubmission is considered as overdue. CMS expects that information is accurate on the date it is submitted. Sponsors should not anticipate having an opportunity to correct data after they are submitted to CMS.

As CMS established the Part D program reporting requirements during 2006 and 2007, we combined technical assistance with compliance actions to address instances where sponsors failed to meet the requirements. CMS may initiate beneficiary level audits to documents that the data submitted are accurate. During 2008 and beyond, sponsors can expect CMS to rely more on compliance notices and enforcement actions in response to reporting requirement failures. Therefore, CMS may issue warning notices or requests for corrective action plans to non-compliant sponsors. Should the non-compliance persist, CMS may impose intermediate sanctions (e.g., suspension of marketing and enrollment activities) or civil monetary penalties pursuant to Subpart O of 42 C.F.R. Part 423 or contract termination pursuant to Subpart K of 42 C.F.R. Part 423.

Thank you again for your continued assistance in supporting the success of the Medicare prescription drug program. Questions regarding the Medicare Part D Reporting Requirements for CY2008 should be sent to CMS via email to [partd-planreporting@cms.hhs.gov](mailto:partd-planreporting@cms.hhs.gov) and should include “CY2008 Reporting Requirements” as the subject.

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