

Plan-to-Plan Reconciliation Instructions (Phase II – Eligibility Edits)

The Plan-to-Plan (P2P) Financial Reconciliation process is a settlement process by which the Contract of Record pays any other Part D Contract that paid for Part D drugs in good faith when Part D plan enrollment data were not up-to-date. Although this process is described as a P2P process, it is limited to situations in which the Submitting Contract is different from the Contract of Record. Prescription Drug Event (PDE) data for a beneficiary that changes plans under the same Contract would not be included in the P2P Financial Reconciliation process. The instructions below explain the initial transition period effective end date policy for P2P and the new eligibility edits for Phase II of P2P processing. This guidance is supplemental to existing guidance for PDE processing.

The following PDE references provide a framework for this P2P discussion.

PDE instructions are published at:

<http://www.cms.hhs.gov/DrugCoverageClaimsData/RxDrugEventDataGuidance.asp>

Please see www.csscooperations.com for:

2006 Participant Training Guide
Edits

CMS Guidance for P2P Phase I is published at:

http://www.cms.hhs.gov/DrugCoverageClaimsData/01_PDEGuidance.asp#TopOfPage

This final guidance will be published initially with the HPMS bulletins on:

<http://www.cms.hhs.gov/PrescriptionDrugCovContra/HPMSSD/list.asp>

At a later date we will incorporate P2P Guidance in the PDE Instructions and in the PDE Participant Training Guide at the sites referenced above.

Scope: In Phase I of the P2P Reconciliation Process, PDE data are accepted for any dates of service January 1 through April 30, 2006. Phase II of P2P will extend the reconciliation process between Part D plans to claims incurred after April 30, 2006. With the resolution of most of the start-up issues from early 2006, we believe, that in most instances, plans will be notified of beneficiary disenrollments before the effective date of the beneficiary's enrollment in a new plan. However, because beneficiaries have the opportunity to change plans throughout the month, and lags are associated with plan enrollment processes, as well as CMS information system updates, there will continue to be some instances in which a plan continues to pay for covered prescription drug costs incurred after the effective date of a disenrollment. Using the authority established under §423.464(a) of the Part D regulations, CMS is establishing the following initial transition period effective end date policy in order to align the plan-to-plan reconciliation process with plan formulary transition periods to ensure all drug costs included in the Summary Reports are for covered Part D drugs with respect to each plan.

Since the purpose of P2P reconciliation is to reimburse the Submitting Contract for costs incurred that are the responsibility of the Contract of Record, and because the requirement to reimburse P2P cost reports without regard to formulary placement is tied to transition period coverage, CMS is establishing the requirement that the end of the initial transition period encompassed under the P2P process that each contract is liable for be tied to its efficiency in submitting the enrollment transactions.

Specifically, in order to coordinate benefits between the Submitting Contract and the Contract of Record in a fair and equitable manner, we are establishing the policy that the effective end date of the minimum required transition period occurs on the later of:

- (1) 30 days after the effective date of coverage, or
- (2) 30 days after the date the new Contract of Record submits the enrollment to CMS and it is processed by CMS.

This policy protects the Submitting Contract from exposure to costs that would otherwise be incurred outside the Contract of Record's initial transition period when, without its knowledge and beyond its

control, that new contract has delayed submitting the enrollment transaction to CMS. Since the submission and processing of the new enrollment transaction generates the disenrollment to the Disenrolling (Submitting) Contract, it would not be appropriate to limit the Disenrolling (Submitting) Contract's ability to recover costs to only the first 30 days of coverage in the new contract (Contract of Record).

CMS has already established the requirement that enrollments be submitted within at least 14 days of the application date. This P2P transition period now provides an additional incentive to submit enrollments to CMS as rapidly as possible, and ideally on a daily basis, in order to minimize potential P2P liabilities. For example, a contract that submits enrollments to CMS within 24 hours of receipt will incur almost no additional P2P transition period liabilities under this policy. However, a contract that batches enrollments and sends them in to CMS just before payment cut-off in the following month will subject itself to an approximate 45 day potential transition period liability for P2P reimbursements. Even later submissions would expose the new contract of record to even longer potential P2P transition periods and greater potential financial liability.

Objectives: P2P Phase II meets three objectives.

- Establishes an effective end date to the transition period of P2P in order to coordinate benefits between the Submitting Contract (Disenrolling Contract) and the Contract of Record (Successor Contract).
- Protects the Submitting Contract from exposure to costs that would otherwise be incurred outside of the Contract of Records initial transition period.
- Provides incentive to the Succeeding Contract to submit timely enrollments.

Responsibilities: In general PDE processing, Contracts are responsible for submitting PDE data under the appropriate Plan Benefit Package (PBP) for beneficiaries that switch PBPs within their Contract. If a Contract submits PDE data under a PBP that is not on record within the CMS database, the Contract will receive a 707 rejection edit code. The Contract should review the edit code and make changes to their database, if appropriate.

Phase II of P2P involves CMS, the Submitting Contract, and the Contract of Record. All of the responsibilities outlined in P2P Phase I guidance still apply. In Phase II, a rejection 706 code will be generated when the DOS is not less than or equal to the later of the Effective Enrollment date plus 30 days or CMS Process Date plus 30 days or when the Enrollment Source ID Code is D (Rollover). When the DOS occurs after the later of these two dates, the Submitting Contract should not have the beneficiary in their enrollment database and should not have paid claims for this beneficiary. If the Enrollment Source ID Code is D, the beneficiary was part of the Rollover Process and must be enrolled in the Submitting Contract on the DOS. The Submitting Contract should evaluate all rejection codes of 706 received from CMS. In Phase II, CMS will generate an informational edit code 712 if the Submitting Contract is not the Prior Contract of Record. The Submitting Contract is responsible for evaluating the informational edits and making changes to their enrollment data, where appropriate.

Definitions:

Submitting Contract: In P2P reconciliation, the Submitting Contract is submitting PDE data for which they were not the Contract of Record.

Contract of Record: The Contract of Record is the Part D sponsor with the beneficiary enrollment as documented in CMS databases.

Prior Contract of Record: The Contract of Record immediately preceding the Contract of Record as documented in CMS databases. This term does not refer to all Prior Contracts of Record.

Rollover Process: If a Contract/PBP that is offered in 2006 will not be offered in 2007, the beneficiary may be removed from the terminating PBP and placed into a PBP that will be offered in 2007. The beneficiary will be under the new PBP effective 1/1/2007. A beneficiary enrollment record that was created during the rollover process can be identified by Enrollment Source ID Code = D.

P2P Phase II Processing: In January 2007, CMS completed DDPS changes necessary to implement P2P Phase II. The changes include the ability to process P2P PDE data with a date of service after April 30, 2006 and new eligibility edits to determine if the PDE data meet P2P criteria. At a later date, CMS will implement a new informational edit code 712 which will be sent to the Submitting Contract.

The following steps describe PDE processing through DDPS with the new P2P Phase II edits. The diagram below illustrates the steps. The numbers below correspond to the numbers within the diagram.

1. PDE Submission. The PDE record layout and submission protocol remains the same.
2. DDPS compares the Submitting Contract to the Contract of Record.

Submitting Contract = Contract of Record

If the Submitting Contract is the Contract of Record, DDPS will evaluate whether the Submitting Plan is the Plan of Record. This process is illustrated below in blue and is part of the non-P2P processing already in place in DDPS.

If the Submitting Contract is not the Contract of Record, the PDE follows the P2P Phase II edits which are illustrated below in pink.

3. DDPS evaluates DOS on PDEs in which the Submitting Contract is not the Contract of Record to determine if a valid P2P period exists.

- a. $DOS > 4/30/06$

If the DOS is within the time period of January 1, 2006 through April 30, 2006, the PDE will process through DDPS based on P2P Phase I guidance.

If the DOS is after April 30, 2006, the PDE will follow DDPS editing for P2P Phase II.

- b. DDPS compares DOS to the Enrollment Effective Date plus 30 days or the CMS Process Date plus 30 days.

$DOS \leq (\text{Later of Enrollment Effective Date or CMS Process Date}) + 30 \text{ days}$

If the DOS is not equal to or earlier than the Enrollment Effective date plus 30 days or the CMS Process date plus 30 days, the PDE does not meet P2P Criteria and the system will generate a 706 rejection code. The 706 code is generated when the DOS does not fall within a valid P2P period. When the DOS occurs later, the beneficiary must be enrolled in the Submitting Contract on the DOS.

Example: The Submitting Contract sends a PDE for John Doe who is in Plan A. Within the CMS Database, John Doe's enrollment effective date is 4/1/06 for Plan B under a different Contract (the Contract of Record). CMS processed the enrollment on 5/4/06. DDPS will compare the DOS

to the CMS Process Date + 30 days, which is 6/3/06. DOS on the PDE is 6/30/06. Plan A will receive a 706 rejection code. The Submitting Contract should not have John Doe in their enrollment database 30 days after CMS processes the enrollment.

If the DOS is equal to or earlier than the Enrollment Effective date plus 30 days or the CMS Process date plus 30 days, the record meets P2P criteria.

Example: The Submitting Contract sends a PDE for Jane Smith who is in Plan A. Within the CMS Database, Jane Smith's enrollment effective date is 8/1/06 for Plan B under a different Contract (the Contract of Record). CMS processed the enrollment on 8/15/06. DDPS will compare the DOS to the CMS Process Date + 30 days, which is 9/14/06. The DOS on the PDE is 9/6/2006. This PDE will continue to process through additional validity edits for P2P within DDPS.

c. DDPS evaluates the Enrollment Source ID.

If the Enrollment Source ID code = D (Rollover).

If the Enrollment Source ID code is D, a beneficiary enrollment record was created during the Rollover Process. PDEs submitted for a beneficiary involved in the Rollover Process are not part of P2P processing. The Submitting Contract will receive a rejection edit code of 706.

If the Enrollment Source ID Code is not D, the PDE will continue to process through P2P Phase II edits within DDPS.

4. DDPS then compares the Submitting Contract to the Prior Contract of Record.

Submitting Contract = Prior Contract of Record

The P2P situation will frequently occur when the Submitting Contract is the Prior Contract of Record. The Submitting Contract will continue to submit PDE data for a beneficiary until they receive disenrollment data for that beneficiary. Frequently, the Submitting Contract receives the disenrollment data after they have processed pharmacy claims for the disenrolled beneficiary. All PDE data submitted by the Contract that was the Prior Contract of Record will process through DDPS as described in P2P Phase I guidance. This process is displayed in yellow in the chart below. When the Submitting Contract is the Prior Contract of Record, the PDE will then be edited based on the Drug Coverage Status Code. If the drug is a covered drug (Drug Coverage Status Code = 'C'), the Submitting Contract will receive a 708 informational edit code. This code identifies PDEs that will be included in the Submitting Contract's P2P reconciliation with the Contract of Record. If the Drug Coverage Status Code is either 'E' (for enhanced alternative drugs) or 'O' (for Over-the-Counter Drugs) the Submitting Contract will receive a 709 edit code. This code identifies PDEs that will be excluded from the Submitting Contract's P2P reconciliation with the Contract of Record.

As a future enhancement to P2P Phase II, CMS will send an informational edit code of 712 when the PDE data has processed yet the Submitting Contract is not the Prior Contract of Record. This situation can legitimately occur when a contract has an entire enrollment cancelled by another contract's enrollment transaction. Since this edit indicates a potential issue with the Submitting Contract's data, the Contract receiving the informational code 712 should check their data to investigate why they submitted PDE data for the beneficiary. Upon receiving the 712 code, the Submitting Contract should determine if they need to update their enrollment information on this beneficiary.

This code is sent only to inform submitters of potential issues. The PDE data will continue to process through P2P editing which evaluates the Drug Coverage Status Code. In addition to receiving the code 712, the Submitting Contract will always receive either a code 708 if the drug is a covered drug or a code 709 if the drug is an enhanced alternative drug or over-the-counter drug. The 712 edit is strictly informational; data from PDEs with a 712 will be on the P2P Reports 40-43. CMS will include PDEs with 708 and 712 edits on the list of PDEs for audit when final audits are being performed.

Plan-to-Plan Reconciliation Phase II Eligibility Edits

