

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



CENTER FOR MEDICARE

DATE: March 12, 2019

TO: All Part D Plan Sponsors

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

SUBJECT: Completion of the Coverage Gap Discount Reconciliation for Benefit Year 2017

The Centers for Medicare & Medicaid Services (CMS) completed the calculations for the 2017 Final Part D Coverage Gap Discount (CGD) Reconciliation. The calculations were performed in accordance with § 1860D-14A of the Social Security Act and associated regulations and guidance. The reconciliation calculations utilize:

- 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 20180629 Cycle 3 and invoiced through the Quarter 6 invoice for 2017;
- The prospective Coverage Gap Discount Subsidy Amounts (CGDSA) beginning with January 2017 and ending with 2017 adjustments in January 2018; and
- All plan information received in the Health Plan Management System (HPMS) through January 2019 for Calendar Year 2017.

In accordance with § 256(d) of the Balanced Budget and Emergency Deficit Control Act (BBEDCA), CMS computed 2 percent reductions to CGDSA due to sequestration for purposes of computing the Part D CGD reconciliation. Payments beginning in January 2017 and ending in December 2017, as well as adjustments through January 2018, were used to compute the 2 percent sequestration reduction amount. Because the sequestration amount is at the contract level and reconciliation is performed at the plan benefit package (PBP) level, the sequestration amount must be allocated among contracts with more than one PBP. If a contract has more than one PBP, the sequestration amount is allocated throughout the plans based on member month count (MMC) for the PBP for calendar year 2017. 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 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 available in your mailboxes at the Third Party Administrator (TPA) Operations on March 13, 2019. 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 2019 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 as found in 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 can be emailed to the Reconciliation Support Contractor at 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.”¹ Note that the contact information in the May 8th memorandum has changed and is reflected below.

If you wish to appeal, your request for reconsideration must be filed and received by March 28, 2019. Requests for reconsideration should be addressed to Jennifer R. Shapiro, Acting Director, Medicare Plan Payment Group, and emailed to the Reconciliation Support Contractor at PartDPaymentSupport@acumenllc.com.

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

Pacific Consulting Group
Attn: Part D Payment Support
643 Bair Island Road, Suite 212
Redwood City, CA 94063

Thank you.

¹ 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 HPMS memorandum. However, the appeals process described in the May 8th memorandum is still current (with the exception of the contact information, as indicated above).