

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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MEDICARE PLAN PAYMENT GROUP

DATE: January 17, 2007

TO: Medicare Advantage Organizations, Prescription Drug Plan Sponsors and Other Interested Parties

FROM: Thomas Hutchinson /s/
Director

SUBJECT: Plan-to-Plan (P2P) Reconciliation Implementation -Phase II

CMS is prepared to begin the facilitation of Plan-to-Plan (P2P) Reconciliation Phase II in January 2007. The guidance for P2P Phase I still applies in P2P Reconciliation for claims on or before April 30, 2006. Phase II of P2P will extend the reconciliation process between Part D plans to claims incurred after April 30, 2006. In Phase II, CMS is establishing an initial transition period effective end date policy in order to align the P2P reconciliation process with plan formulary transition periods to ensure all drug costs included in the Summary Report are for covered Part D drugs with respect to each plan. The technical guidance defines this policy.

On January 5, 2007, P2P Phase II edits went into production. The edits will enable the Drug Data Processing System (DDPS) to process P2P Prescription Drug Event (PDE) data with a date of service after April 30, 2006 and will allow the system to determine if the PDE meet P2P criteria based on the initial transition period effective end date policy. At a later date, CMS will implement a new informational edit code 712, which will be sent to the Submitting Contract when the Submitting Contract is not the Prior Contract of Record. Details of this future edit code are described in the technical guidance for P2P Phase II.

Although Phase II will enable CMS to process additional PDE data affected by P2P, there may be some PDE data that will not process because of ongoing enrollment discrepancies. CMS is examining alternatives for addressing these PDEs. In addition, there are cases in which the Contract of Record changes after CMS has already processed and stored a PDE. These PDEs will require a Contract of Record update in order to be attributed to the correct contracts for reconciliation and P2P remittance. In the near future, CMS will release draft P2P Phase III guidance that will address this issue.

Information explaining the P2P and other edits is available on the customer service website <http://www.cssoperations.com>. Technical instructions which include the initial transition period effective end date policy for Plan to Plan Reconciliation Phase II, are available on our website at <http://www.cms.hhs.gov/DrugCoverageClaimsData> Prescription Drug Event Data Guidance. Questions on P2P Reconciliation Phase II should be directed to either Amanda.Ryan@cms.hhs.gov or Jeffrey.Grant@cms.hhs.gov.