

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



CENTER FOR MEDICARE

TO: All Part D Sponsors

FROM: Cynthia G. Tudor, Ph.D.,
Director, Medicare Drug Benefit and C & D Data Group

SUBJECT: Recoupment of Louisiana Sales Tax Paid on Part D Claims in 2010

DATE: December 21, 2010

On August 13, 2010, CMS notified Part D sponsors operating in Louisiana that some Louisiana pharmacies have erroneously applied sales tax to Part D claims, that sponsors should reject Part D claims for Louisiana sales tax, and that CMS would be providing additional guidance on recoupment efforts that Part D sponsors should take. On September 1, 2010, CMS issued revised guidance instructing Part D sponsors to take immediate steps to ensure that no further sales taxes are paid on any Part D Louisiana pharmacy claims, but not simply to deny claims.

The purpose of this memo is to instruct Part D sponsors to immediately move forward with recouping any sales tax paid on 2010 Part D prescriptions in Louisiana and resubmitting corrected Prescription Data Events (PDEs) for these transactions. Any sales tax paid by beneficiaries (as dictated by plan design) should be reimbursed in accordance with 42 CFR 423.466(a). CMS expects that these recoupment efforts should be complete before the start of the 2010 plan year reconciliation process. The adjustment of PDEs for 2010 in no way affects or limits the rights of the Federal Government or any of its agencies or agents to pursue any appropriate criminal, civil, or administrative remedies relating to Louisiana sales tax.

Again, it is the Part D sponsor's responsibility to determine whether sales tax on Part D claims is permissible in any locality. CMS requires sponsors to correctly adjudicate the Part D benefit without reliance on CMS to identify such errors. If you have any questions concerning this memorandum, please contact your Account Manager.