

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



CENTER FOR BENEFICIARY CHOICES

Date: July 13, 2007

To: All Part D Plans
Chief Executive Officers
Chief Financial Officers
Medicare Compliance Officers

Subject: 2006 PDE Submission after the July 30, 2007 Deadline

From: Thomas Hutchinson, Director
Medicare Plan Payment Group

As previously announced, the deadline for submitting PDE data for the CY2006 Part D Payment Reconciliation is July 30, 2007. CMS will continue to accept data for CY2006 after the July 30 deadline, but this data will not be part of the reconciliation calculations run in August. However, plans that have data issues should continue to submit and/or correct CY2006 data. Reasons for continuing to report or correct include financial errors in previously accepted data and data shortfalls due to underreporting or incomplete error correction.

While CMS will continue to accept data that may impact a plan's financial reconciliation, CMS will not continue to accept P2P PDEs for 2006 beyond the July 30 deadline. P2P PDEs would impact other plan's financial values after their reconciliation is already complete. Therefore, CMS will again issue error 706 for all CY2006 PDEs for which the submitting contract is not the contract of record.

Finally all Part D plans that received state-to-plan files from PCG should submit PDEs for all S2P claims that processed in paid status. These were not recouped from July payments as previously planned, but will be from a later payment (yet to be determined). CMS instructed PCG to obtain processed file responses from every processor and/or plan, but not to accept resubmissions after a certain date in June as there would have been insufficient time to resolve all outstanding edits in the timeframes left for repaying the states by June 30. By necessity we have proceeded to finalize the S2P Demonstration with the data on hand.

We do not believe that plans have been materially advantaged or disadvantaged by the curtailment of S2P claim adjudication by plans. LIS beneficiaries who incurred claims in

January through March of 2006 most likely continued to incur claims throughout the year and would be projected to be in the coverage gap or even catastrophic coverage by the time of S2P claim processing in May/June 2007. Given the date any additional claims would have eventually successfully processed, most of these claims would be expected to consist of low-income cost sharing or amounts ultimately eligible for reinsurance subsidies. In that case, we would have expected to recoup such amounts from the plans under the S2P demonstration just to pay most of them back in 2006 payment reconciliation. Since it became clear there was insufficient time left to resolve outstanding technical edits before the deadline for repaying states, and given the short period of time left for 2006 PDE submission, CMS determined that it did not make sense to continue to cause administrative costs to be incurred in the attempt to push S2P processing to conclusion when most amounts would ultimately be returned to the plans. We believe the amount attributable to “overpayment” relative to plan catastrophic coverage liabilities to be very small.

Plans that have received rejected S2P PDEs due to LICS edits should correct the LICS amounts on the PDEs and resubmit prior to July 30, 2007. Although CMS will collect less from the plan through S2P recoupment than the amounts submitted on the PDE, the difference would generally have been ultimately payable to the plan in any case. If plans do not fix such PDEs, they will not be reimbursed for recouped amounts that represent LICS and reinsurance subsidies.

Please direct PDE questions to Sandra.Anderson@cms.hhs.gov. Please direct State to Plan questions to Christine.Hinds@cms.hhs.gov.

Thank you.