



CENTERS FOR BENEFICIARY CHOICES

DATE: February 27, 2007

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

FROM: Thomas Hutchinson
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SUBJECT: Reconciliation Readiness Reviews

The deadline for submitting Prescription Drug Event (PDE) data for the 2006 benefit year is May 31, 2007. CMS currently plans to provide a short extension of that deadline for purposes of completing error correction, primarily those edits related to eligibility and tied to the second phase of enrollment reconciliation. However, any extension will be intended only to allow plans to submit data for errors that require CMS intervention to resolve. All other data should be submitted by the deadline, including data that has previously triggered edits but can be resolved through correction and resubmission by plans. To assist plans as we move into the final phases of data collection for 2006, we are providing the following guidance related to error correction.

Error correction is a process that should commence with the receipt of every PDE return file from the Drug Data Processing System (DDPS). Plans should assess the types of errors received and determine whether the plan is responsible for correcting the data or whether the plan needs to bring a specific data issue to CMS' attention for assistance with resolution. For errors that are within a plan's control to correct, plans should correct the data and resubmit as early as possible.

We are providing three tables with guidance related to the most common errors impacting PDEs. The tables divide edits into three main categories:

- Table 1: Edits which plans can and should resolve without needing CMS assistance;
- Table 2: Edits for which CMS has already taken an action to facilitate transactions passing DDPS editing;
- Table 3: Edits that CMS is working to address in order for all plan data to pass DDPS edits.

In addition, because some edits are related to coverage status for certain National Drug Codes (NDCs) and National Council for Prescription Drug Programs (NCPDP) ID numbers, CMS is providing additional attachments to this document. The first provides the status of specific NDC changes in our system, including those that have been

instituted and those that remain to be addressed. The second lists ID numbers that are failing in our system because they are reported as NCPDP numbers, but fail the NCPDP check digit algorithm (i.e., they are not legitimate ID numbers).

CMS expects that plans will respond to the errors listed in the first two tables in this document by making corrections as necessary and submitting data promptly. All data that can be corrected (as delineated on those tables) should be resubmitted as quickly as possible. CMS plans to provide ongoing updates related to the remaining edits and expects that plans will be prepared to respond rapidly as DDPS or its supporting databases are updated to facilitate PDE submission. If you have questions about error correction, please contact the Customer Service and Support Center at (877) 534-2772.

Table 1: Errors that plans must correct

| Error Code | Error Message | Resolution |
|-------------------|---|--|
| 603-645 | Various messages. These errors are for basic format problems (missing/invalid data). | Correct data issue and resubmit. |
| 660-663 | Various messages. These errors are for adjustment/deletion issues (adjustment/deletion code inconsistent with stored data). | Correct inconsistency and resubmit if necessary. With error 662, data is already deleted and no further action is required. |
| 670-674, 690-693 | Cost data inconsistent with other reported data. | Determine cause of inconsistency, correct, and resubmit. |
| 701 | The DOB provided does not match the DOB on CMS files. | 1. Do not submit DOB. DOB is an optional field. 2. If submitting DOB, update DOB on PDE to the DOB on CMS files. |
| 702 | The Gender does not match the value on CMS files. | Determine if Health Insurance claim Number (HICN) is correct for the beneficiary with the claim (husband and wife often have same claim account number with different beneficiary identification code at the end). If correct, update gender to match CMS files; if incorrect, correct the HICN. |
| 707 | The Beneficiary must be enrolled in this Part D Plan Benefit Package on the DOS. | Compare PBP reported on PDE and PBP reported in enrollment and resubmit with correct PBP. |
| 716 | Patient liability exceeds the statutorily defined maximum for Institutionalized Low Income beneficiary. | For all of these error codes, plan cost sharing for LICS eligible beneficiaries was less generous than the level set by CMS. Plans should correct the LICS levels in their system, refund beneficiary for excessive cost-sharing, and resubmit PDE with correct LICS cost-sharing amount. |
| 717 | Patient liability exceeds the statutorily defined pre-catastrophic maximum for Category 2 Low Income beneficiary | |
| 718 | Patient liability exceeds the statutorily defined pre-catastrophic maximum for Category 1 Low Income beneficiary | |
| 720 | Patient liability exceeds the statutorily defined catastrophic maximum for Category 1 or Category 2 Low Income beneficiary. | |
| 721 | Patient liability exceeds the statutorily defined catastrophic maximum for Category 4 Low Income beneficiary who has reached the out-of-pocket threshold. | |

| Error Code | Message to be Reported | Resolution |
|-------------------|--|--|
| 777 | Duplicate PDE record. | Plans should track PDE status after submission (accepted/rejected/deleted) to avoid submission of duplicates. |
| 779 | Submitting Plan cannot report NPP for Covered Part D Drug. | Confirm Plan Type; plans shall only map CPP/NPP for Enhanced Alternative plans or plans that were told to submit as Enhanced Alternative (e.g., employer plans, payment demonstrations). |

Table 2: Edits that CMS has taken action to help resolve

| Error Code | Message to be Reported | CMS Resolution/Plan Action to be Taken |
|-------------------|---|--|
| 706 | This DOS does not fall in a valid P2P period. The Beneficiary must be enrolled in this Contract on the DOS.) | In August 2006, CMS implemented plan to plan reconciliation (P2P) Phase I. Effective Jan 5, 2007 CMS implemented P2P Phase II. Resubmit any PDEs that have rejected with 706 error code <i>and</i> that were processed on or before January 5, 2007. |
| 715 | Dollars reported in LICS are greater than zero. However, Beneficiary is not eligible for LICS subsidy. | For 2006 DOS, resubmit. Effective Jan 5 2007, CMS discontinued this edit for 2006; instead of rejecting with 715, DDPS saves these records and returns an INF edit. Plans should resubmit any 2006 PDEs that previously rejected with 715. |
| 737 | Inappropriate Drug Coverage Status Code. Drug Coverage Status Code is not 'O' although the drug is on the OTC list. | CMS has updated several codes and is scheduled to update other groups of codes as annotated on the attached NDC lists. Plans should resubmit NDCs when a specific code has been updated. |
| 738 | Inappropriate Drug Coverage. Drug Coverage Status Code is 'C' although the drug is on the exclusion list. | CMS has updated several codes and is scheduled to update other groups of codes as annotated on the attached NDC lists. Plans should resubmit NDCs when a specific code has been updated. |
| 740 | NDC is DESI drug. | CMS updated reference tables to allow limited drugs on approved formularies. All other DESI drug edits reflect Federal statute and will not be changed for 2006. Updated DESI drugs are on attached NDC list. |
| 741 | The drug is always excluded from Part D; the drug is always covered by Part B. | CMS has updated several codes and is scheduled to update other groups of codes as annotated on the attached NDC lists. Plans should resubmit NDCs when a specific code has been updated. |
| 784 | Duplicate PDE Record, originally submitted by a different Contract | CMS has created this edit to provide information on the original submitting contract. The plan that receives this edit must contact the original submitting contract to determine how to resolve. If pharmacy billed multiple plans, one of the plans must reverse the claim. If the original submitting contract reversed the claim to the pharmacy previously and failed to submit deletion PDE, the original submitting contract must submit a deletion PDE; then the contract that received the 784 reject can resubmit. |

Table 3: Edits that CMS is preparing to help resolve

| Error Code | Error Message | Proposed Resolution |
|-------------------|---|---|
| 704 | The DOS cannot be greater than the date of death (DOD). | CMS developing the capacity to bypass the edit when DOS is <= thirty days following DOD. While awaiting this change, plans should research cases where DOS is more than 30 days after date of death. |
| 705 | The Beneficiary must be enrolled in Part D on the DOS. | CMS is commencing enrollment reconciliation Phase 2, which will fill in missing enrollment periods where appropriate. CMS is also researching all 705 errors ever generated to determine specific beneficiary circumstances and any appropriate CMS updates to enrollment records. |
| 735 | The NDC code is invalid. The NDC code does not match a valid code on the NDC database. | CMS is adding some obsolete NDCs that were not originally on the reference databases provided to CMS for program start-up. CMS is also examining other specific circumstances to understand differences between plan NDCs and those on CMS files. |
| 736 | DOS < NDC effective date. | CMS is preparing to bypass this edit for all benefit years. |
| 781 | Service Provider ID is not on master provider file. | CMS is examining specific circumstances to determine why there are differences between plan pharmacy IDs and those on CMS files. CMS is publishing a list of known bad NCPDP IDs that have been previously submitted and rejected so that plans may determine which IDs need to be corrected and resubmitted. |
| 782 | Record had no error, but was submitted as part of a rejected batch. DDPS rejects batches with error rates exceeding 50% | CMS is preparing to eliminate this edit to facilitate error resolution. |
| 783 | Service Provider ID was not an active pharmacy on DOS. | CMS is preparing to bypass this edit for 2006, while refining it for 2007 to eliminate circumstances where the edits triggers inappropriately. |
| 999 | Internal CMS system issue encountered | CMS is analyzing cases where the enrollment databases have inconsistent information, preventing PDEs from processing. Resolution is pending. |