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DATE: July 06, 2017

TO: All Part D Sponsors and Pharmaceutical Manufacturers

FROM: Jennifer Harlow, Deputy Director
Medicare Plan Payment Group

RE: Release of the 2012 Coverage Gap Discount Program Benefit Year Closeout Invoice Reports

The purpose of this memorandum is to announce the upcoming release of the Benefit Year Closeout Invoice Reports for manufacturers and Part D sponsors. The closeout reports communicate to manufacturers the status of all upheld disputes for the closed benefit year. These reports will inform manufacturers if the issue that caused the Prescription Drug Event (PDE) record to be disputed was resolved and if the correction resulted in a financial or non-financial change to the invoiced PDE data.

This reporting process also allows the Part D sponsor to remit payment for any gap discounts invoiced in Quarter 17 (Q17) that were successfully disputed and for any successful disputes from previous quarters of the benefit year in which the Part D sponsor has only recently corrected the PDE record(s). Manufacturers should note that successful disputes can result in a full adjustment, partial adjustment, or no adjustment to the gap discount amount.

The benefit year closeout reports are released on an annual basis. The 2012 Benefit Year Closeout Invoice Reports are expected to be released on July 19, 2017. These reports will include data for benefit years 2011 and 2012. The CGDP Third Party Administrator (TPA) will release a notification to the manufacturers and Part D sponsors when the reports are distributed.

Payment Process for the Benefit Year Closeout Report for Part D Sponsors and Drug Manufacturers

Part D sponsors are required to pay the drug manufacturers within 38 days of the distribution of the Benefit Year Closeout Invoice Report. CMS requires the Part D sponsors to submit payment via the TPA Direct Payment Process (DPP) Portal for any amounts owed. The benefit year closeout payments should be submitted in the same way that the quarterly invoice payments are currently processed. The TPA will review the status of each of the payments and report the result to CMS after the payment deadline. Part D sponsors that fail to pay the drug manufacturers in a timely manner may be subjected to compliance action.

The file layouts for the reports can be found on the TPA website (www.tpadadministrator.com) under the “References” section. For additional information regarding this reporting process, please see the HPMS memo released on May 2, 2016 titled, “Coverage Gap Discount Program Benefit Year Closeout Invoice Reports.”

Please direct any questions regarding this guidance to the TPA at tpaoperations@tpadministrator.com or 1-877-534-2772, Option 1.