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

CENTER FOR DRUG and HEALTH PLAN CHOICE

TO: All Part D Plan Sponsors

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

SUBJECT: Changes to Part D Reporting Requirement - LTC Pharmacy Rebate Data

DATE: November 24, 2008

The Centers for Medicare and Medicaid Services (CMS) has been collecting long-term care (LTC) pharmacy rebate data from Part D sponsors since January 2007. LTC network pharmacies receive access/performance rebates that may create financial incentives that conflict with Part D sponsors' formularies or drug utilization management (DUM) programs. The goal of this reporting section was to ensure that Part D sponsors receive information necessary to effectively monitor LTC rebates to ensure that there are no associated inappropriate impacts on formulary drug utilization. Because we do not believe that the data currently collected via the 2008 Part D Reporting Requirements are the most effective tools for assisting sponsors in accomplishing this goal, we are suspending the collection of these data for CY2008 and CY2009.

Instead, we believe we can more effectively achieve our end goal of focusing plan attention on network LTC pharmacy compliance and appropriate drug utilization management by requiring sponsors to calculate and submit different data. Through the Paperwork Reduction Act (PRA)'s approval process of the CY2010 Part D reporting requirements, CMS is expecting to propose the data reflected in Attachment A to be collected on an annual basis.

We also intend to test these proposed reporting requirements with a small number of Part D sponsors prior to CY2010, when the new reporting requirements will become effective. This testing will allow us to fine-tune our data collection strategy and to ensure that the new data elements more effectively meet our goals with regard to sponsors' formulary management than the current data reporting requirements. We will be in contact with selected Sponsors for participation in the pilot.

These proposed elements will be subject to revisions as a result of the PRA public comment periods and the CMS pilot. We anticipate that the first draft of the CY2010 Part D reporting requirements will be posted in early 2009. Information will be available via the Federal Register regarding the process for submitting comments. All data collected via the Part D reporting requirements are subject to OMB approval.

Thank you again for your continued assistance in supporting the success of the Medicare prescription drug program.

Attachment A
Proposed data collection for CY2010:

a. The total number of network LTC pharmacies in the service area (PDPs and regional PPOs will report for each state).

b. The total number of network non-LTC pharmacies in the service area (PDPs and regional PPOs will report for each state).

c. The total number of beneficiaries in LTC facilities for whom Part D drugs have been provided under the plan.

d. For each contracted LTC pharmacy in their service area:

	# of formulary Rxs dispensed	**# of non-formulary Rxs dispensed**	**Cost of all formulary Rxs**	**Cost of all non-formulary Rxs**
Pharmacy NPI # and Name				
Sample NPI 123456789 Pharmacy A	100,000	20,000	$1,000,000	$300,000

e. For all contracted non-LTC pharmacies in their service area:

	# of formulary Rxs dispensed	**# of non-formulary Rxs dispensed**	**Cost of all formulary Rxs**	**Cost of all non-formulary Rxs**
Pharmacy NPI # and Name				
Sample NPI 234567890 Pharmacy B	3,000,000	600,000	$15,000,000	$5,000,000