NCPDP Recommendations for Medicare Part D Post Point-of-Sale Claim Adjustments

VERSION 1.0

This document provides guidance to the pharmacy industry by documenting a common list of post point-of-sale adjustment scenarios and associating them to categories and actions outlined in CMS Prescription Drug Event Guidance for Post Point-of-Sale Claim Adjustments.

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1. Overview

The 2014 Medicare Part D Call Letter included a provision stating all post point-of-sale (POS) claim adjustments must be categorized and associated action must be taken on the claim and Prescription Drug Event (PDE) record. Applicable to CY2012 forward, it is no longer acceptable to issue bulk adjustments against a pharmacy and reflect the bulk adjustment on the Direct and Indirect Remuneration report. Instead each claim must be adjusted and the PDE must be modified to reflect the adjustment.

Guidance Summary

In the CMS 2014 Call Letter dated April 1, 2013, CMS provided requirements for the submission of PDE data with respect to corrections of three types of claim errors: financial, administrative and coverage. The guidance states, "We acknowledge that previous CMS guidance and practice has permitted reporting of "pharmacy payment adjustments" as a component of DIR. However, for the reasons discussed above, we now better understand that such reported "pharmacy payment adjustments" are, in fact, claim adjustments that should be reflected solely in PDE adjustments to ensure appropriate payment. Therefore, we are eliminating the previous ambiguity that permitted claim adjustments to be reported in two different ways, and are clarifying that PDE adjustment or deletion is the only reporting methodology consistent with payment accuracy."

In the July 3, 2013 CMS memo entitled "PDE Guidance for Post Point-of-Sale Claim Adjustments," CMS stated "…this policy is effective with the reconciliation for the 2012 benefit year, and will also apply going forward. Accordingly, CMS does not expect plans to adjust PDEs following this guidance for any dates of service (DOS) before the 2012 coverage year. As noted in the DIR reporting guidance, CMS will not issue compliance actions for sponsors that did not properly adjust the PDEs in time for the 2012 Part D payment reconciliation cut-off date. CMS expects that sponsors will review this PDE guidance and make any necessary post-2012 reconciliation PDE adjustments in a timely manner in advance of any CMS 2012 reopening activities. CMS will give advance notice of the intention to conduct a reopening of 2012. However, even if PDE adjustments cannot be made in time, any amounts previously recouped may not be reported as Direct and Indirect Remuneration (DIR) in accordance with the June 7, 2013, guidance."

This guidance also provided examples on how to report PDE records for the following types of errors on claims, resulting in post point-of-sale (POS) claims adjustments:

1. **Administrative Errors**
   This error does not affect the financial calculation of a claim. The sponsor should correct the field(s) on the PDE and resubmit the PDE record. The Total Gross Covered Drug Cost (TGCDC) and True Out-of-Pocket (TrOOP) accumulators remain the same.
2. **Financial Errors**
   This error results in an incorrect payment calculation on claims that were otherwise appropriate for coverage. The sponsor should resubmit the PDE with corrected financial fields, the TGCDC and TrOOP accumulators must be adjusted.
3. **Coverage Errors**
   There are four types of coverage errors and each requires a different course of action:

i. The pharmacy billed for a drug but the drug was never dispensed. The sponsor should recoup the cost of the drug and delete the PDE record. The TGCDC and TrOOP accumulators must be adjusted.
ii. The dispensing event happened and the event was correct, but the claim was wrong. The sponsor should adjust the claim to reflect the dispensing event and submit a corrected PDE.
iii. The dispensing event happened, the event was in error, and the drug is a Part D drug. The sponsor should recoup the cost of the drug and submit a $0.00 PDE. The TGCDC and TrOOP accumulators must be adjusted.
iv. The dispensing event happened, the event was in error, and the drug is a non-Part D drug. The sponsor should recoup the cost of the drug and delete the PDE record. The TGCDC and TrOOP accumulators must be adjusted.

In the July 18, 2014 CMS memo entitled "Part D Payment for Drugs for Beneficiaries Enrolled in Medicare Hospice," CMS referenced retrospective review and recovery of Part D payment for the defined four drug categories. CMS stated, "Sponsors should implement processes to handle payment resolution directly with hospice providers and beneficiaries without requiring the pharmacy reverse and rebill the original claim in the retail setting."

1.1 Objective

To align with CMS PDE Guidance for Post Point-of-Sale Claim Adjustments, NCPDP has developed this guidance for use by the industry to document a common list of post POS adjustment scenarios and associate them to categories and actions outlined in the guidance.

2. Recommendation

NCPDP has developed a reference chart of Post POS Claim Adjustment scenarios to assist the industry with implementation of CMS Medicare Part D guidance. The chart contains common post POS adjustment scenarios for situations where the pharmacy can no longer reverse and resubmit claims due to submission window closures, system limitations or other reasons. The chart includes common pharmacy audit scenarios, but is not exhaustive. Other pharmacy payment adjustments, not listed, can also use this as a guide.

Chart (A) below contains a breakdown of the CMS Guidance referenced above. The chart contains the following columns:

1. **CMS Claim Error Category** – as defined in the CMS guidance
2. **CMS Guidance Description** – description of Claim Error Category, including reference examples and required action, as defined in the CMS guidance
3. **NCPDP Action Category** – NCPDP abbreviation for the CMS Description. This is used within Chart (B) to relate a CMS expected action to the scenario listed.

Chart (B) below contains common audit scenarios identified by NCPDP. The chart contains the following columns:

1. **Scenario Number** – NCPDP chronological ordering of scenarios, used as a reference
2. **Final Disposition of Audited Claim** – describes the final audit finding as determined by the Pharmacy Audit Firm or Pharmacy Benefit Manager (PBM)
3. **NCPDP Action Category** – NCPDP abbreviation for the CMS Description (see Chart (A) for the full CMS Guidance Description)
4. **Amend Claim & Adjust PDE** – NCPDP abbreviation for action needed based on the following CMS guidance:
    a. Financial Errors – The sponsor should resubmit the PDE with corrected financial fields; the TGCDC and TrOOP accumulators must be adjusted.
    b. Coverage Errors Type ii – The sponsor should adjust the claim to reflect the dispensing event and submit a corrected PDE.
5. **Reverse Claim & Delete PDE** – NCPDP abbreviation for action needed based on the following CMS guidance:
    a. Coverage Errors Type i – The sponsor should recoup the cost of the drug and delete the PDE record. The TGCDC and TrOOP accumulators must be adjusted.
    b. Coverage Errors Type iv – The sponsor should recoup the cost of the drug and delete the PDE record. The TGCDC and TrOOP accumulators must be adjusted.
6. **Amend Claim & Zero PDE** – NCPDP abbreviation for action needed based on the following CMS guidance:
    a. Coverage Errors Type iii – The sponsor should recoup the cost of the drug and submit a $0.00 PDE. The TGCDC and TrOOP accumulators must be adjusted.
7. **Amend Claim & Delete PDE** – NCPDP abbreviation for action needed based on the CMS Hospice guidance:
    a. Hospice – The sponsor should adjust the claim and delete the PDE. The TGCDC and TrOOP accumulators must be adjusted. Sponsors should implement processes to handle

payment resolution directly with hospice providers and beneficiaries without requiring the pharmacy reverse and rebill the original claim in the retail setting.

2.1 Chart (A) – Error Category, CMS Guidance, NCPDP Action Category

CMS Claim Error Category	CMS Guidance Description	NCPDP Action Category
Administrative Errors	*An administrative error is an error that does not affect the financial calculation of a claim.* An example of an administrative error is the wrong prescription origin code. If an administrative error is discovered, a sponsor should correct the field(s) on the PDE related to the administrative error and resubmit the PDE. Because the adjustment is related to non-financial fields, the Total Gross Covered Drug Cost (TGCDC) and True Out-of-Pocket (TrOOP) accumulators remain the same.	A: Adjust Claim Adjust PDE
Financial Errors	*A financial error is an error that results in incorrect payment calculation on claims that were otherwise appropriate for coverage.* An example of a financial error is the National Drug Code (NDC) submitted on the claim is not the NDC dispensed. For example, a sponsor submits a NDC for a brand drug but a generic drug was dispensed. The sponsor would resubmit the PDE with the correct NDC along with the correct financial fields that correspond to the generic NDC. Because there is a change to financial fields, the TGCDC and TrOOP accumulators must be adjusted.	F: Adjust Accum Claim Adjust PDE
Coverage Errors	*The pharmacy billed the sponsor for a drug but the drug was never dispensed.* In this case, recoup the cost and delete the PDE. If the event never happened, then a PDE should not exist for the event. There will be no DIR to report in this scenario. The TGCDC and TrOOP accumulators will need to be adjusted. An example of this type of error would be a duplicate claim.	C1: Reverse Claim Delete PDE
Coverage Errors	*The dispensing event happened and the event was correct but the claim was wrong*. In this situation, adjust the claim so that it reflects the dispensing event. The PDE must reflect the dispensing event. The accumulators must be adjusted. For example, the claim was processed for Prozac when in fact Prilosec was dispensed.	C2: Adjust Accum Claim Adjust PDE
Coverage Errors	*The dispensing event happened, the event was in error (i.e., the drug should not have been dispensed) and the drug is a Part D drug.* In this situation, recoup the cost for the drug and submit a $0.00 PDE. Adjust the accumulators since the event should not have occurred. For example, a drug was prescribed by an excluded provider and the drug was dispensed.	C3: Adjust Accum Claim Zero Dollar PDE

Coverage Errors	*The dispensing event happened, the event was in error (i.e., the drug should not have been dispensed) and the drug is a non-Part D drug.* For example, the claim was for Cialis but was prescribed for a condition other than benign prostatic hyperplasia (BPH). In this case, recoup the claim, delete the PDE, and adjust the accumulators.	C4: Reverse Claim Delete PDE
Hospice	*The dispensing event happened, the payer was in error (i.e., the claim was billed under Medicare Part D but is a hospice claim).* In this case the action is to delete the PDE, adjust the accumulators and attempt recoupment from hospice or beneficiary without requiring pharmacy involvement.	H: Adjust Accum Claim Delete PDE

2.2 Chart (B) – Common Audit Scenarios, Action Category, Actions Needed

Scenario #	Final disposition of Audited Claim	NCPDP Action Category	Amend Claim & Adjust PDE	Reverse Claim & Delete PDE	Amend Claim & Zero PDE	Amend Claim & Delete PDE
1	An incorrect compound code (e.g., pharmacy billing a compounded product with compound code 1).	F or C2	√			
2	Claim submitted by a pharmacy using an inappropriate Submission Clarification Code (SCC) and impacted financials of claim.	F or C2	√			
3	Claim submitted by a pharmacy using an inappropriate SCC. Administrative, no financial impact.	A	√			
4	Claim submitted by a pharmacy using an inappropriate SCC and claim should not have paid under Part D.	C4				
5	Claim submitted with an incorrect Dispense As Written (DAW) code. Correct DAW code obtained (and the claim would have paid differently had the DAW code been entered originally).	F or C2	√			
6	Claim submitted with an incorrect DAW code. Correct DAW code could not be obtained (and the claim would have paid differently had the DAW code been entered originally).	C4		√		
7	Claim that was billed for the incorrect drug and/or directions as verified against the hard copy prescription.	F or C2	√			
8	Claim for a compound medication that is billed with an NDC number that was not used in the actual compound.	F or C2	√			
9	Claim for a compound medication that is billed with an NDC number that was not used in the actual compound making this a non-Part D Drug.	C4		√		
10	Claim that was billed with the incorrect quantity and/or days supply when the claim would have rejected had the quantity and/or days supply been submitted accurately by the pharmacy.	F	√			
11	Wrong Prescription Origin Code	A	√			

Scenario #	Final disposition of Audited Claim	NCPDP Action Category	Amend Claim & Adjust PDE	Reverse Claim & Delete PDE	Amend Claim & Zero PDE	Amend Claim & Delete PDE
12	Pharmacy entered wrong NPI (pharmacy or prescriber). Claim pays.	A	√			
13	Pharmacy entered wrong NPI (pharmacy or prescriber). Claim does not pay, e.g., excluded provider.	C3			√	
14	Pharmacy entered wrong NPI (pharmacy or prescriber) with SCC override code. Claim Paid.	C3			√	
15	Wrong patient residence. Administrative, no financial impact.	A	√			
16	Wrong patient residence. Financial impact, e.g., long term care (LTC) facility, pharmacy rate difference.	F or C2	√			
17	Wrong pharmacy service type. No financial impact.	A	√			
18	Wrong pharmacy service type. Financial impact, e.g., LTC short cycle dispensing daily adjudication rate difference.	F or C2	√			
19	Fraudulent claim, e.g., the prescriber or patient denied ownership of the prescription or adding refills.	C1		√		
20	Duplicate claim	C1		√		
21	No valid prescription can be produced by the pharmacy (e.g., copies of the original prescription or physician order missing) but other evidence indicates patient received medication.	C1		√		
22	No valid prescription or patient log can be produced and it is believed the patient did not receive the drug. Reverse the claim and PDE.	C1		√		
23	Prescription deemed invalid under applicable state or federal law, e.g., missing components or time period. No financial impact, informational only discrepancy.	No Action				
24	Prescription deemed invalid under applicable state or federal law, e.g., missing components or time period. Claim not eligible for dispensing.	C4		√		

Scenario #	Final disposition of Audited Claim	NCPDP Action Category	Amend Claim & Adjust PDE	Reverse Claim & Delete PDE	Amend Claim & Zero PDE	Amend Claim & Delete PDE
25	Unable to provide proof that the patient picked up the medication or the medication was delivered to the patient's residence, but the pharmacy has other evidence that indicates the Rx was filled.	C1		√		
26	Other coverage should have paid for this claim, e.g., Part A.	C4		√		
27	Hospice should have paid for this claim instead of Medicare Part D.	H				√
28	Other coverage should have partially paid for this claim, e.g., COB.	F or C2	√			
29	Generic vs brand billed. A claim was submitted for a brand medication when a generic form of the medication was dispensed.	F or C2	√			
30	Insufficient directions for use. Hard copy prescription does not include sufficient information to justify the quantity and days supply billed.	F or C2	√			
31	Vaccine administration fee. No documentation that a vaccine was administered. (Should have been drug only claim.)	F or C2	√			
32	Wrong patient. Patient identified on a hard copy prescription is not the same patient on the claim.	C4		√		
33	Wrong Rx date entered. Administrative, no financial impact.	A	√			
34	Wrong Rx date entered. Financial impact, e.g., Rx was filled or refilled for a time period longer than allowed.	F or C2	√			
35	Pharmacy has indicated that the prescription was an e-prescription, however upon audit, it was determined that the source did not meet the definition of an e-prescription.	C3			√	

3. Appendix A. History of Changes

3.1 Version 1.0

The initial release of the paper.