Fact sheets: CMS finalizes program changes for Medicare Advantage and Prescription Drug Benefit Programs for Contract Year 2015 (CMS-4159-F)

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CMS finalizes program changes for Medicare Advantage and Prescription Drug Benefit Programs for Contract Year 2015 (CMS-4159-F)

On May 19, 2014, the Centers for Medicare & Medicaid Services (CMS) issued a final rule that will revise the Medicare Advantage (MA) and Part D prescription drug benefit programs regulations to implement statutory requirements, improve program efficiencies, clarify program requirements, and improve payment accuracy for Contract Year (CY) 2015 in general. These regulations implement MA and Part D program changes based on over 7,500 public comments to a proposed rule that was displayed on January 6, 2014. This fact sheet discusses the major provisions of the final rule and CMS' efforts to combat fraud and abuse in Part D. The final rule is projected to save approximately $1.615 billion over the next ten years 2015 – 2024.

Summary of Final Provisions

Improving payment accuracy: The final regulation would implement the Affordable Care Act requirement that MA plans and Part D sponsors report and return identified Medicare overpayments. After the final risk adjustment deadline for a payment year, MA organizations will be allowed to submit data to correct overpayments but cannot submit diagnosis codes for additional payment. The provision codifies and clarifies rules regarding when Part D and MA plan sponsors must report and return overpayments.

Improved MA risk-adjustment data validation (RADV) audit appeals procedures: The rule strengthens RADV by streamlining the RADV audit appeals process by combining error rate calculation appeals and medical record review-determination appeals into one combined process. The streamlined process will reduce administrative burden on both MA plans and CMS.

Expanded prevention and health improvement incentives: The final rule expands rewards and incentive programs that focus on encouraging participation in activities that promote improved health, efficient use of health care resources and prevent injuries and illness.

Increased price transparency for network pharmacies: The final rule requires Part D plans and their pharmacy benefit managers to make available to contracted pharmacies the reimbursement rates for drugs under Maximum Allowable Cost pricing standards. In response to comments, this requirement will be effective beginning with contract year 2016.

Require that prescribers of Part D drugs enroll in Medicare: Section 6405 of the Affordable Care Act requires that physicians and eligible professionals who order durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) or certify home health care for beneficiaries be enrolled in Medicare. The statute also permits the Secretary to extend these Medicare enrollment requirements to physicians and eligible professionals who order or certify all other categories of Medicare items or services, including covered Part D drugs. Accordingly, CMS will require that physicians and eligible professionals who write prescriptions for covered Part D drugs must be enrolled in Medicare, or have a valid record of opting out of Medicare for their prescriptions to be covered under Part D. This requirement will help CMS ensure that Part D drugs are only prescribed by qualified individuals. This provision is effective June 1, 2015.

Permit revocation of Medicare enrollment for abusive prescribing practices and patterns: CMS is adding the authority to revoke a physician's or eligible professional's Medicare enrollment if:

- CMS determines that he or she has a pattern or practice of prescribing Part D drugs that is abusive, represents a threat to the health and safety of Medicare beneficiaries, or the pattern or practice of prescribing otherwise fails to meet Medicare requirements; or
- His or her Drug Enforcement Administration (DEA) Certificate of Registration is suspended or revoked; or
- The applicable licensing or administrative body for any state in which a physician or eligible professional practices has suspended or revoked the physician or eligible professional's ability to prescribe drugs.

Providing CMS the authority to revoke such prescribers' Medicare enrollment will help protect beneficiaries and the Medicare Trust Fund from fraud, waste and abuse.

Provide direct access to Part D sponsors' downstream entities: This provision will provide CMS, its antifraud contractors, and other oversight agencies the ability to request and collect information directly from pharmacy benefit managers, pharmacies and other entities that contract or subcontract with Part D Sponsors to administer the Medicare prescription drug benefit. The provision will streamline CMS' and its anti-fraud contractors' investigative processes. Currently, it can take a long time for CMS' contractors who are often assisting law enforcement to obtain important documents like invoices and prescriptions directly from pharmacies, because they must work through the Part D plan sponsor to obtain this information. This provision is designed to provide more timely access to records, including for

investigations of Part D fraud and abuse, and responds to recommendations from the Department of Health and Human Services (HHS) Office of Inspector General.

Expanded Part D data sharing: CMS will broaden the release of unencrypted prescriber, plan and pharmacy identifiers contained in prescription drug event (PDE) records to give researchers and other external entities additional access to health care data – pursuant to CMS' policies and procedures for release of such data. This additional access will increase the positive contributions researchers make to the evaluation and function of the Part D program and supports CMS's growing role as a value-based purchaser of health care.

The provisions in the final rule will generally be effective for Contract Year 2015 operations. The final rule is accessible at: http://www.ofr.gov/inspection.aspx?AspxAutoDetectCookieSupport=1.

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