

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



MEDICARE PLAN PAYMENT GROUP

DATE: January 15, 2015

TO: Medicare Part D Sponsors and Pharmaceutical Manufacturers Participating in the Medicare Part D Coverage Gap Discount Program

FROM: Cheri Rice, Director
Medicare Plan Payment Group

SUBJECT: New Medicare Part D Coverage Gap Discount Program Direct Payment Process

Beginning with Quarter 1 2015, the Coverage Gap Discount Program Third Party Administrator (TPA) is making significant changes in the way Medicare Part D Sponsors and Pharmaceutical Manufacturers participating in the Medicare Part D Coverage Gap Discount Program (CGDP) will make invoiced quarterly payments in order to comply with the CGDP requirements. This change will provide a new and seamless CGDP Direct Payment Process for Manufacturers and Sponsors to receive and view invoices and related CGDP reports, pay invoices, and verify status of payments.

The new CGDP Direct Payment Process will be part of the new CGDP Portal, a secure web-based application managed by the TPA, allowing authorized users to view invoices, make payments, and validate status of payments without the need to create and submit payment confirmation files and download quarterly banking information. Specifically, Manufacturers and Sponsors will pay quarterly invoices directly to accounts established by Manufacturers and Sponsors via electronic funds transfer (EFT) using the new CGDP Portal managed by the TPA.

Currently, Manufacturers and Sponsors utilize mailboxes to receive and download invoices and reports, edit reports for submission as payment confirmation, and pay invoices using banking information sent quarterly from the TPA. With the current process, payments may be misapplied due to missing EFT identifiers, missing or incorrect payer or payee confirmations, and changes in payment amounts compared to invoiced amounts. With the new CGDP Direct Payment Process, Manufacturers and Sponsors can directly initiate Automated Clearing House (ACH) payment transactions based on exact invoice amounts, along with the ability to schedule payments and download CGDP related reports. For large volumes of invoice line items, Manufacturers will have the option of a bulk payment feature to facilitate the transition to the new system.

Further details, including login information and a demonstrative webinar on the new CGDP Direct Payment Process will follow as the transition date approaches. In the meantime, please feel free to contact the TPA with any questions at 1-877-534-2772, option 1 or by email at tpaoperations@tpadministrator.com.