

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



## **MEDICARE PLAN PAYMENT GROUP**

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**Date:** May 31, 2016

**To:** All Part D Plan Sponsors

**From:** Cheri Rice, Director  
Medicare Plan Payment Group

**Subject:** Final Medicare Part D DIR Reporting Requirements for 2015

The Centers for Medicare & Medicaid Services (CMS) is releasing the *Final Medicare Part D DIR Reporting Requirements for 2015* in this memorandum.

On April 27, 2016, CMS released draft guidance regarding Medicare Part D direct and indirect remuneration (DIR) reporting requirements for Summary and Detailed DIR Reports for contract year 2015. Comments on the draft guidance were accepted until May 16, 2016. Provided below is an overview of the comments and our responses.

Part D sponsors can begin to submit the 2015 DIR Submission Information, Summary 2015 DIR Report, and Detailed 2015 DIR Report on Wednesday, June 1, 2016. The deadline for submissions is **11:59 PM PT on Thursday, June 30, 2016**. This deadline applies to all Part D sponsors, including non-calendar year Employer/Union-only Group Waiver (EGWP) plans and Program of All Inclusive Care for the Elderly (PACE) plans.

We strongly encourage Part D sponsors to submit early during the submission window to assure a complete, accurate, and successful submission by the reporting deadline. Very large files will not be processed immediately, so to ensure timely submission please do not wait until the submission deadline to submit your Summary and Detailed DIR Reports. Sponsors should reserve the last week of the submission period to correct any reject error codes that might be received on initial submission attempts.

CMS provides “Helpful Hints” documents within the DIR module on the Health Plan Management System (HPMS). Sponsors are strongly encouraged to use these documents when completing the 2015 DIR Submission Information, Summary 2015 DIR Report, and Detailed 2015 DIR Report. There is also a “Helpful Hints” document for “Troubleshooting Text File Uploads,” which will be very beneficial when uploading the reports into HPMS.

## **Responses to Comments on the “Draft Medicare Part D DIR Reporting Requirements for 2015”**

COMMENT: Several commenters requested that CMS delay collecting information at the level of detail proposed for column DIR #3C – All Other Rebates (Additional Comments). In prior years, we required that sponsors describe in column DIR #3C – All Other Rebates (Additional Comments) the types of rebates and the types of entities providing the rebates reported in the DIR #3 – All Other Rebates field. For 2015, we had proposed that sponsors also be required to report the rebate dollars associated with each rebate type. These commenters suggested that the request to break out the dollar values for the rebates they collect by type presented a new burden on sponsors. These commenters also suggested that in many cases, sponsors are not currently billing manufacturers and collecting rebates in a way that supports reporting at this level of detail, making accurate reporting more challenging. Two commenters also mentioned they had similar concerns about similar new instructions for other Summary DIR fields – both commenters mentioned the DIR #5C – Price Concessions for Administrative Services (Additional Comments) field and one commenter also mentioned the All Other Bona Fide Services (Additional Comments) and PBM Incentive Payments (Additional Comments) fields.

RESPONSE: CMS appreciates the input received on this topic. In recognition of the concerns raised about this field, CMS is delaying implementation of some of the proposed new reporting instructions related to the DIR #3C – All Other Rebates (Additional Comments) column. Specifically, CMS is delaying the requirement that plans report the amounts attributed to the rebate categories specified in column DIR #3C, while still requesting that reporting plans indicate which categories from the list of options apply to the overall amount. While CMS believes the amounts attributed to the specified categories would be valuable to collect, CMS recognizes that sponsors may not currently have this information available and does not want to impose an undue burden by collecting the information this year. CMS will consider whether to implement this requirement for 2016. However, CMS is finalizing the reporting instructions for other “Additional Comments” fields as proposed this year given that most commenters did not express concerns over similar new requirements for these fields, and because some sponsors have in prior years voluntarily provided information at the level of detail we are now requiring, thus leading us to believe that the new requirements for these fields do not impose a significant additional burden.

COMMENT: One commenter requested that CMS make draft guidance available to a wider audience when soliciting comment.

RESPONSE: Like other proposed guidance for Part C Medicare Advantage Organizations (MAOs) and Part D sponsors, CMS distributes the proposed DIR guidance for comment via the Health Plan Management System (HPMS). However, based on this suggestion, CMS will explore options to post proposed guidance on cms.gov in the future to support greater access to the document.

COMMENT: One commenter requested that CMS consider shifting the timeline for release of the DIR guidance in future years to allow sponsors more time to prepare their submissions.

RESPONSE: CMS appreciates the comment and will take the concern under advisement.

COMMENT: One commenter asked that CMS finalize guidance revising the definition of negotiated prices to reflect all price concessions from pharmacies.

RESPONSE: CMS appreciates the comment. The revised definition of negotiated prices went into effect for benefit year 2016 and therefore is outside of the scope of the DIR reporting guidance for benefit year 2015.

COMMENT: One commenter requested clarity as to whether fees retained through a PBM's aggregator should be reported as DIR #4 – Rebate Administration Fees Reported as DIR and not DIR #1 – PBM Retained Rebates.

RESPONSE: As the terms are used in the DIR reporting guidance, there is a distinction between a “rebate administration fee” and a “rebate” retained by a PBM. As stated on page 8 of the June 6, 2011, HPMS memorandum titled “Final Medicare Part D DIR Reporting Requirements for 2010 Payment Reconciliation: Summary Report,” any manufacturer rebates retained by the PBM “in lieu of higher service fees from the Part D sponsor” should be reported in the DIR #1 column as PBM retained rebates. Therefore, if the fees retained through the PBM's aggregator are manufacturer rebates, the value should be reported in the DIR #1 – PBM Retained Rebates column. A rebate administration fee is any amount received by a PBM or by a Part D sponsor (directly or indirectly through its PBM) for administrative services provided to drug manufacturers in connection with the Medicare Part D program. If rebate administration fees are retained through the PBM's aggregator, the portion of the rebate administration fee that should be reported as DIR in the DIR #4 – Rebate Administration Fees Reported as DIR column is the amount by which the fee exceeds fair market value.

COMMENT: One commenter asked for additional insight into the rationale for the proposed changes to DIR #9 – Other Pharmacy Incentive Payments and Adjustments, and to what extent CMS expects to see a different response in this field for 2015 than in the past.

RESPONSE: This change was made to provide more clarity to sponsors and create greater consistency in how sponsors report pharmacy-related DIR. In prior years, pharmacy price concessions could be reported either as DIR #5, DIR #8, or DIR #9. We are finalizing the proposed changes to the reporting requirements and expect all pharmacy-related DIR to be reported either as DIR #8 – Generic Dispensing Incentive Payments and Adjustments or DIR #9 – Other Pharmacy Incentive Payments and Adjustments. CMS believes that such fees were previously being reported in an inconsistent manner, with sponsors often using a number of different fields – including fields other than DIR #5, DIR #8, and DIR #9 – to report the same information, making it difficult to verify the accuracy of the information. Any pharmacy payments and adjustments that were assessed post point-of-sale will be better captured now that they must

be reported only in one of two fields. Moreover, under the 2015 requirements, the scopes of the DIR #8 – Generic Dispensing Incentive Payments and Adjustments and DIR #9 – Other Pharmacy Incentive Payments and Adjustments fields are broader than in previous years, now encompassing post point-of-sale adjustments to per-claim pharmacy administrative fees. The information previously reported in the two fields should continue to be reported in the same two fields. The change means that other pharmacy-related DIR previously reported by plans in fields other than DIR #8 and DIR #9 must now instead be reported in those two fields, if not reflected in updated Prescription Drug Event (PDE) data.

COMMENT: Multiple commenters requested additional information regarding the instructions for DIR #9 – Other Pharmacy Incentive Payments and Adjustments that state, “Examples of adjustments to be reported in this field include any reconciliation amount that accounts for differences between the contracted rate and the effective rate charged by the pharmacy [. . .].”

RESPONSE: This language addresses the requirement to report differences between the adjudicated rate achieved by the pharmacy at the point-of-sale and the effective rate paid to the pharmacy for drugs, when these amounts are not reflected in updated PDE data.

COMMENT: We received one comment in support of the changes to the DIR #8 – Generic Dispensing Incentive Payments and Adjustments and DIR #9 – Other Pharmacy Incentive Payments and Adjustments fields.

RESPONSE: CMS appreciates the support.

COMMENT: We received one comment requesting that Part D sponsors be required to describe in the DIR #8 – Generic Dispensing Incentive Payments and Adjustments and DIR #9 – Other Pharmacy Incentive Payments and Adjustments columns what any generic dispensing incentives or other pharmacy incentive payments, as applicable, represent. The comment also suggested that reporting plans should be required to explain why these fees could not be reasonably estimated prior to the point-of-sale as an “estimated price.”

RESPONSE: CMS appreciates the comment, and will keep these suggestions in mind when developing this guidance for 2016 and future years when the new definition of “negotiated price” takes effect.

COMMENT: We received a comment that suggested that DIR #9 – Other Pharmacy Incentive Payments and Adjustments should be adjusted to include additional examples of what may qualify as “Other Pharmacy Incentive Payments and Adjustments.” The commenter listed preferred pharmacy fees, fees related to extended supply rates, and fees imposed based on qualitative measures as examples.

RESPONSE: CMS appreciates the input and agrees that the examples the commenter provides should be reported as DIR #9 – Other Pharmacy Incentive Payments and Adjustments. The description for the DIR

#9 field has been adjusted to include those examples.

COMMENT: We received one comment asking that CMS create a new reporting field to capture “Effective Rate True-Ups” that would capture all differences between the rate achieved by the pharmacy at point-of-sale and the effective rate paid to the pharmacy thereafter.

RESPONSE: CMS appreciates the comment. Both the proposed and finalized guidance require that all amounts collected or paid by a Part D sponsor or PBM from or to pharmacies, if not reflected in the PDE, be reported either as DIR #8 or DIR #9. As such, CMS believes it is already capturing the information suggested by the commenter.

COMMENT: One commenter asked for clarification regarding how to report certain risk arrangements between providers and Part D plans. Specifically, the commenter asked whether a reporting plan need only report the provider risk arrangement associated with the defined standard benefit as DIR for the purposes of payment reconciliation, as opposed to also reporting the amount associated with enhanced benefits.

RESPONSE: Yes. Only the provider risk arrangement impact for performance with respect to the defined standard benefit should be reported as DIR.

COMMENT: Multiple commenters asked that CMS clarify instructions relating to DIR #11 – All Other DIR regarding the reporting of DIR not necessarily attributed to a specific Part D drug. One commenter asked that CMS confirm that it intends to collect information about remuneration for non-Part D drugs.

RESPONSE: CMS confirms the commenter’s interpretation, which is consistent with policy in prior years. This instruction would apply in a scenario where a sponsor purchases a number of drug products from a drug manufacturer, including both drugs covered under Part D and others that are not covered, and receives a lump sum price concession from that manufacturer for all of the purchased drugs. DIR, in this case, is not related to any specific drug and, as a result, the sponsor would be unable to determine the share of DIR that is applicable to the costs for covered drugs and the share applicable to costs for un-covered drugs. Therefore, the entire amount should be reported by the sponsor in the Summary DIR Report.

COMMENT: Multiple commenters raised questions about requirements to retain documentation relating to the fair market value of bona fide service fees charged to manufacturers. Commenters suggested that drug manufacturers are best suited to provide this documentation and might not necessarily be comfortable sharing that documentation with sponsors. Commenters asked that CMS allow sponsors to obtain certifications directly from drug manufacturers in which manufacturers indicate that they have obtained a fair market value analysis and can provide documentation of the same to CMS upon request.

RESPONSE: CMS appreciates the concerns raised by commenters. However, CMS continues to believe

that requiring sponsors to document their fair market value analyses is a reasonable request, and one that will support the integrity of the program. This requirement is consistent with 42 CFR 423.505(k)(3) and (5), which require Part D sponsors to certify claims data and allowable costs for purposes of risk corridor and reinsurance payment.

COMMENT: One commenter asked if a comment is required when reporting a negative amount in the All Other DIR column of the Detailed DIR report, as required in previous years.

RESPONSE: CMS appreciates the comment and is revising the guidance to be consistent with the guidance in previous years on this issue.

**Contact Information:**

For technical assistance and questions regarding the download or upload of the DIR Reports, please contact the HPMS Help Desk at 1-800-220-2028 or [hpms@cms.hhs.gov](mailto:hpms@cms.hhs.gov). For any other questions regarding this guidance, please contact [DIR\\_Reporting\\_Reqts@cms.hhs.gov](mailto:DIR_Reporting_Reqts@cms.hhs.gov).

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## **I. INTRODUCTION**

### **A. Purpose**

The purpose of this document is to explain CMS' DIR reporting requirements for the Summary and Detailed 2015 DIR Reports. This document provides the format in which data should be submitted, explains the data elements to be reported by Part D sponsors at the PBP and 11-digit NDC levels, and establishes reporting timeframes. CMS' goal is to ensure a common understanding of DIR reporting requirements.

### **B. Background**

In December 2003, Congress passed the Medicare Prescription Drug Benefit, Improvement and Modernization Act (MMA; P.L. 108-173), allowing coverage of certain outpatient prescription drugs under the new Medicare Part D benefit. Reinsurance and risk-sharing are two of the payment mechanisms by which the Medicare Program reimburses Part D sponsors for providing prescription drug coverage. CMS is required by statute to base these payments on a Part D sponsor's "allowable reinsurance costs" and "allowable risk corridor costs," which must be "actually paid." As defined at 42 CFR 423.308, "actually paid" costs must be actually incurred by the Part D sponsor and net of any applicable direct or indirect remuneration (DIR).

Section 1860D-15(f)(1)(A) of the Social Security Act (SSA) requires Part D sponsors to fully disclose to CMS any information necessary for carrying out the payment provisions of Part D, including the calculation of reinsurance and risk-sharing. Therefore, Part D sponsors are required to report drug costs and DIR associated with the Medicare prescription drug benefit to CMS. Each year, we issue guidance explaining these reporting requirements. Consistent with section 1860D-15(d)(2)(A) of SSA, CMS payments to a Part D sponsor are conditioned upon the provision of this requisite data.

Moreover, Section 9008 of the Patient Protection and Affordable Care Act (ACA; P.L. 111-148), as amended by section 1404 of the Health Care and Education Reconciliation Act of 2010 (HCERA; P.L. 111-152), imposes an aggregate annual fee on certain manufacturers of branded prescription drugs (Please refer to Section 9008 of the ACA for a definition of branded prescription drugs). The aggregate annual fee in 2016 will be \$3 billion and will be paid by manufacturers or importers with aggregate gross receipts from branded prescription drug sales over \$5 million to specified government programs, including Medicare Part D. CMS is required to provide dollar amounts of sales of branded prescription drugs under the Medicare Part D program on a yearly basis to the Secretary of the Treasury in order to determine the fee amount to be paid by each manufacturer. Sales dollar amounts are reported at the 11-digit NDC level and must be reduced by rebates and other price concessions and Coverage Gap Discount amounts. The Detailed DIR Report is required as part of this effort.



## **C. Overview of DIR Reporting Process**

Part D sponsors must prepare and submit the Submission Information, Summary DIR Report, and Detailed DIR Report to CMS for all of the Part D PBPs that they offered in 2015, even if they have no DIR to report for contract year 2015.

The Summary DIR Report contains data at the PBP level and is broken into multiple categories of DIR and non-DIR data. The Detailed DIR Report contains DIR data at the PBP level for each 11-digit NDC and is broken into two categories (Rebates and All Other DIR).

Sponsors may input the 2015 Submission Information and upload the Summary and/or Detailed 2015 DIR Reports as many times as necessary until 11:59 pm PT, on Thursday, June 30, 2016. CMS will use only the DIR reported on the most recently uploaded Summary and Detailed Report in the June submission window in our reviews. Sponsors can access their latest submissions via HPMS.

CMS will review the DIR data submitted. If CMS identifies a potential error, CMS will prepare a Summary Review Results and/or Detailed Review Results package. The review packages will be available to download through HPMS. Sponsors will receive an email if review packages are available for their contracts. (Please note that emails will be sent to the email addresses stored in HPMS for the Medicare Compliance Officer and the DIR Contact(s). For instructions on how to view or change your contact information, please see the March 3, 2016 memo titled “Annual Request for Part D Payment Reconciliation Contact Information”). Part D sponsors will be able to view the status of submitted DIR reports during the submission and review process in HPMS.

## **D. DIR Reporting for PACE Organizations**

PACE organizations reporting \$0 in all Summary DIR categories in the Summary 2015 DIR Report must submit the 2015 DIR Submission Information and Summary 2015 DIR Report, but are not required to submit a Detailed 2015 DIR Report. PACE organizations reporting a non-zero value in any column in the Summary DIR Report must submit the 2015 DIR Submission Information, Summary 2015 DIR Report, and Detailed 2015 DIR Report.

## **E. Retiree Drug Subsidy (RDS) Rebate Guidance**

For guidance regarding the reporting of rebates and other price concessions for the RDS program, please see the RDS Program Guidance: Rebates and Other Price Concessions available on the CMS website at:

<http://www.cms.hhs.gov/EmployerRetireeDrugSubsid/Downloads/20090112RebateGuidancePaper.pdf>.

## II. DEFINING DIRECT AND INDIRECT REMUNERATION (DIR)

Per the regulations at 42 CFR 423.308, DIR is any form of price concession, received either by the Part D sponsor or by an intermediary contracting organization (a Pharmacy Benefits Manager, or PBM, for instance) with which the sponsor has contracted, from any source (including manufacturers, pharmacies, enrollees, or any other person or entity) that serves to decrease the costs incurred under the Part D plan by the Part D sponsor, either directly or indirectly. Thus, DIR includes discounts, chargebacks, rebates, cash discounts, free goods contingent on a purchase agreement, up-front payments, coupons, goods in kind, free or reduced-price services, grants, legal judgment amounts, settlement amounts from lawsuits or other legal action, and other price concessions or similar benefits. Such price concessions must be reported as DIR in the Summary and Detailed DIR Reports regardless of whether the intermediary contracting organization retains all or a portion of the price concession or passes the entire amount to the sponsor. However, any price concessions that do not directly or indirectly impact drug costs incurred by the Part D sponsor are not considered DIR.

Please see Table 1 below for examples of remuneration that are and are not considered DIR. For more detailed descriptions of the examples listed in Table 1, please refer to pages 7-13 of the June 6, 2011, HPMS memorandum titled “Final Medicare Part D DIR Reporting Requirements for 2010 Payment Reconciliation: Summary Report.”

**Table 1. Examples of Remuneration That Are and Are Not Considered DIR**

Remuneration Considered DIR	Remuneration Not Considered DIR
Remuneration from pharmaceutical manufacturers (e.g., rebates, grants, reduced price administrative services, or legal settlement amounts)	Bona fide service fees from pharmaceutical manufacturers (except for any portion of such fees that exceed fair market value)
PBM retained rebates	Remuneration for administrative services (e.g., PBM incentive payments)
PBM rebate guarantee amounts	Private reinsurance amounts
PBM penalty payments and repayments that impact Part D drug costs	PBM penalty payments and repayments that do not impact Part D drug costs
Dispensing incentive payments to pharmacies after the Point-of-Sale (POS)	Rebate amounts received by long term care (LTC) pharmacies
Prompt pay discounts from pharmacies	Claims data
Post-POS pharmacy payment adjustments	
Risk-sharing amounts	

### **III. DIR SUBMISSION INFORMATION**

The first step to the DIR reporting process is ensuring that plan sponsor information in HPMS is up-to-date. For instructions on how to view or change your contact information, please see the March 3, 2016 HPMS memorandum titled “Annual Request for Part D Payment Reconciliation Contact Information.”

Next, Part D sponsors must complete the “2015 DIR Submission Information” report, providing additional information at the contract level regarding their DIR and PDE data. This step must be completed prior to uploading the Summary and Detailed DIR Reports. The 2015 DIR Submission Information must be completed for each contract and includes:

#### **A. Allocation Methodology**

Part D sponsors are required to report DIR data at the PBP and 11-digit NDC level. We are aware, however, that some sponsors may receive and/or record DIR at the sponsor or contract level, instead. To satisfy the reporting requirements, such Part D sponsors must allocate DIR to the PBP and 11-digit NDC level by applying reasonable allocation methodologies. A description of all allocation methodologies used to report DIR at the PBP and/or 11-digit NDC level must be submitted by the sponsor in HPMS as part of the DIR Submission Information.

CMS has identified several reasonable allocation methodologies (see below) and requires that Part D sponsors select the applicable option from a dropdown menu when reporting the allocation methodology used as part of the DIR Submission Information. Sponsors must make one selection from a dropdown menu specifying an allocation methodology to the PBP level and one selection from a dropdown menu specifying an allocation methodology to the 11-digit NDC level. If DIR was already received from the manufacturers at the PBP and/or 11-digit NDC level, sponsors can make the “No allocation method needed” selection from the dropdown menu. In the event that a Part D sponsor uses different allocation methodologies for different types of DIR, it must select the “Other” option and provide a comment describing the allocation methodologies used and the DIR type each was used for. The dropdown menu also contains a specific selection intended only for PACE organizations that do not receive rebates and therefore have no DIR to report. Part D sponsors are expected to maintain internal documentation of all methods used to allocate DIR and CMS may follow-up with them to better understand the allocation methodology selected.

The options included in each dropdown menu are as follows:

#### Allocation Methodology to the PBP level

1. No allocation method needed to the PBP level. DIR was received from the manufacturer at the PBP level.
2. Allocation to the PBP level based on Actual Drug Utilization

3. Allocation to the PBP level based on Plan's Total Drug Spend
4. Allocation to the PBP level based on Plan's Brand Drug Spend
5. Allocation to the PBP level based on Total Drug Spend for Drugs in Preferred Brand Tier
6. Allocation to the PBP level based on Billed Rebate Amounts
7. This PACE Organization does not receive rebates; no methodology required (This option may only be selected by PACE contracts)
8. Other allocation to the PBP level (comments are required)

Allocation Methodology to the 11-digit NDC level

1. No allocation method needed to the 11-digit NDC level. DIR was received from the manufacturer at the 11-digit NDC level.
2. Allocation to the 11-digit NDC level based on Actual Drug Utilization
3. Allocation to the 11-digit NDC level based on Plan's Total Drug Spend
4. Allocation to the 11-digit NDC level based on Plan's Brand Drug Spend
5. Allocation to the 11-digit NDC level based on Total Drug Spend for Drugs in Preferred Brand Tier
6. Allocation to the 11-digit level based on Billed Rebate Amounts
7. This PACE Organization does not receive rebates; no methodology required (This option may only be selected by PACE contracts)
8. Other allocation to the 11-digit NDC level (comments are required)

Table 2 provides examples of all the allocation methodologies listed above and indicates whether they are considered reasonable for allocating rebates to the PBP and 11-digit NDC levels. Part D sponsors, when able, should allocate rebates for a specific drug to the PBP and 11-digit NDC levels based on the actual utilization of that specific drug. Other allocation methodologies may be subject to additional validation. When selecting among the options allowed, Part D sponsors should consider the accuracy with which an allocation methodology applies rebate dollars to the applicable PBP or 11-digit NDC.

Sponsors selecting "Other allocation to the PBP level" or "Other allocation to the 11-digit NDC level" must provide comments, which must identify the entity responsible for applying the allocation methodology (whether it is the Part D sponsor or PBM) *and* include a clear explanation of the methodology. The response "Not Applicable," or any of its variations, is not an acceptable explanation and will be rejected.

Part D sponsors may also receive legal judgments or settlement amounts from lawsuits or other legal action, which are associated with drug costs incurred across multiple contract years. The portion of the judgment or settlement amounts associated with the drug costs for each contract year should be reported on the DIR Reports for corresponding years. Thus, for legal judgments or

settlement amounts from lawsuits or other legal action concerning drug costs for multiple contract years, Part D sponsors must use a *reasonable* methodology to allocate the legal judgments or settlement amounts to each applicable contract year. We recognize that the specific allocation methodology for legal judgments or settlement amounts may differ from the primary allocation methodology that is used for all other types of DIR. In this circumstance, Part D sponsors are required to select the primary allocation methodology from the dropdown menu (used for all other types of DIR) and explain the specific allocation methodology used for legal judgments or settlement amounts in the “Description of Allocation Methodology” found in the DIR Submission Information completed in HPMS.

**Table 2. Examples of Methodologies for Allocating Rebates to the Plan Benefit Package (PBP) Level and 11-Digit NDC Levels**

<b>Allocation Methodology</b>	<b>Description</b>	<b>Considered Reasonable?</b>	<b>Explanation</b>
Based on Actual Drug Utilization	Rebate amounts received for a specific drug are allocated to a PBP or 11-digit NDC based on the number of units of the specific drug that were purchased under the PBP as a percent of the total number of units purchased by the sponsor.	Yes	Appropriately accounts for differences in a specific drug’s utilization across Part D PBPs.
Based on Plan’s Total Drug Spend	Rebate amounts received for multiple drugs are allocated to a PBP or 11-digit NDC based on the total drug spend under the PBP as a percent of the total drug spend under all of sponsor’s Part D PBPs.	Yes	Approximates differences in utilization and spending on rebate eligible drugs across Part D PBPs.
Based on Plan’s Brand Drug Spend	Rebate amounts received for multiple drugs are allocated to a PBP or 11-digit NDC based on the total drug spend for brand drugs under the PBP as a percent of the total drug spend for brand drugs under all of the sponsor’s Part D PBPs.	Yes	Accounts for differences in utilization and spending on rebate eligible drugs across Part D PBPs.
Based on Total Drug Spend for Drugs in Preferred Brand Tier	Rebates received for multiple drugs are allocated to a PBP or 11-digit NDC based on the total drug spend for drugs in the PBP’s preferred brand tier as a percent of the total drug spend for drugs in the preferred brand tier of all of the sponsor’s Part D PBPs.	Yes, if the sponsor only receives rebates for drugs in the preferred brand tier.	Accounts for differences in utilization and spending on rebate eligible drugs across Part D PBPs.
Based on Billed Rebate Amounts	Rebates received for a specific drug are allocated to a PBP or 11-digit NDC based on the rebate amounts billed to the pharmaceutical manufacturer for the specific PBP and drug as a percent of the total rebate amount billed to the	Yes	Appropriately accounts for differences in a specific drug’s utilization across Part D PBPs.

<b>Allocation Methodology</b>	<b>Description</b>	<b>Considered Reasonable?</b>	<b>Explanation</b>
	pharmaceutical manufacturer for all of the sponsor's Part D PBPs.		
Based on Enrollment	Rebates received for multiple drugs are allocated to a PBP or 11-digit NDC based on the number of beneficiaries enrolled in the PBP as a percent of the total number of beneficiaries enrolled in all of the sponsor's Part D PBPs.	No	Does not sufficiently approximate differences in utilization and spending on rebate eligible drugs across Part D PBPs.
Based on Low-Income Subsidy (LIS) Enrollment	Rebates received for multiple drugs are allocated to a PBP or 11-digit NDC based on the number of LIS beneficiaries enrolled in the PBP as a percent of the total number of LIS beneficiaries enrolled in all of the sponsor's Part D PBPs.	No	Does not sufficiently approximate differences in utilization and spending on rebate eligible drugs across Part D PBPs.
Based on Number of Claims	Rebates received for multiple drugs are allocated to a PBP or 11-digit NDC based on the number of claims under the PBP as a percent of the total number of claims received under all of the sponsor's Part D PBPs. Thus, allocation is based on the total number of claims for all of the drugs rather than the number of claims received for each drug.	No	Does not sufficiently approximate differences in utilization and spending on rebate eligible drugs across Part D PBPs.

**B. Description of Services Provided for Rebate Administration Fees**

Part D sponsors must describe the services provided for the rebate administration fees reported as DIR as well as those reported as bona fide service fees. If this question is not applicable, Part D sponsors should enter "N/A." Sponsors are not permitted to leave this field blank. CMS will confirm that an appropriate description is entered in this field if any non-zero dollar amount is entered in either of the two rebate administration fee related fields on the Summary DIR Report.

**C. Description of Legal Settlement Amounts**

Part D sponsors must provide a description of any legal judgment or settlement amounts, including the source or recipient of the judgment or settlement amount and the services or drugs at issue. If this question is not applicable, Part D sponsors should enter "N/A." Sponsors are not permitted to leave this field blank. CMS will confirm that an appropriate description is entered in this field if any non-zero dollar amount is entered in the "Legal Settlement Amounts" field on the Summary DIR Report.

#### **D. Description of Services Provided for Other Bona Fide Service Fees**

Part D sponsors must describe the services provided for any bona fide service fees that are not rebate administration fees and the allocation methodology used to determine this amount. If this question is not applicable, Part D sponsors should enter “N/A.” Sponsors are not permitted to leave this field blank. CMS will confirm that an appropriate description is entered in this field if any non-zero dollar amount is entered in the “Other Bona Fide Service Fees” field on the Summary DIR Report.

#### **E. Description of Risk-Sharing Arrangement(s)**

Part D sponsors must describe all risk-sharing arrangements. If this question is not applicable, Part D sponsors should enter “N/A.” Sponsors are not permitted to leave this field blank. CMS will confirm that an appropriate description is entered in this field if any non-zero dollar amount is entered in the “Risk-Sharing Arrangement(s)” field on the Summary DIR Report.

#### **F. Name of 2015 Claims Processing PBM(s)**

Part D sponsors must provide the name of any PBM or other entity with which the sponsor contracted for the processing of claims or submission of PDE records for 2015. If the Part D sponsor conducted claims processing and PDE record submission internally and did not contract with a PBM for these services, the Part D sponsor should indicate “Self” for this question. Sponsors are not permitted to leave this field blank.

#### **G. Did PBM for Rebate Negotiation or Processing change from 2014 to 2015?**

Part D sponsors must indicate whether they contracted with a different PBM or entity in 2015 for the negotiation or processing of rebates than they contracted with in 2014. If the Part D sponsor did not negotiate or process rebates in 2014 and 2015, the sponsor should enter “N/A” for this question. If the Part D sponsor contracted with a PBM or other entity for the negotiation or processing of rebates in 2015 but not in 2014, the sponsor should enter “Yes” for this question. Similarly, if the sponsor contracted with a PBM or other entity for the negotiation or processing of rebates in 2014 but not in 2015, the sponsor should enter “Yes” for this question. Sponsors are not permitted to leave this field blank.

#### **H. Name of 2015 PBM(s) for Rebate Negotiation or Processing**

Part D sponsors must provide the name of any PBM or other entity with which the Part D sponsor contracted for the negotiation or processing of rebates in 2015. Part D sponsors that conducted rebate negotiation or processing using their internal resources and did not contract with a PBM for these services should indicate “Self” for this question. If the Part D sponsor did not negotiate or

process rebates, the Part D sponsor should enter “N/A” for this question. Sponsors are not permitted to leave this field blank.

**I. Were any of the plans in the contract owned by a different sponsor in 2014?**

Part D sponsors must indicate whether any of the plans in the contract were owned by a different sponsor in 2014. For any applicable plans, the sponsor must provide the plan ID, the name of the sponsor that owned the plan in 2014, and the contract number that the plan was under in 2014. If all of the plans in the contract were owned by a different sponsor in 2014, the sponsor may indicate “all plans in contract” instead of listing all plan IDs.

**J. Did your parent organization acquire any of the plans in this contract during the 2015 contract year?**

Part D sponsors must indicate whether any of the plans in the contract were acquired mid-contract year. For any applicable plans, the sponsor must provide the plan ID, the name of the sponsor that previously owned the plan, and the contract number that the plan was under prior to the sponsor’s acquisition of the plan.

**K. Explanation for Resubmission**

When resubmitting the Summary or Detailed DIR Report for 2015 due to a plan or CMS discovered data error, Part D sponsors are required to provide an explanation for the resubmission of their DIR data.



## IV. SUMMARY AND DETAILED DIR DATA REPORTS

### A. Descriptions of Columns in the Summary DIR Report

In the Summary DIR Report, Part D sponsors will be responsible for reporting multiple data elements related to DIR at the plan benefit package (PBP) level. DIR data must be summarized for each PBP and reported in aggregate to include multiple drugs and price concessions.

Part D sponsors must include on the Summary DIR Report good faith estimates for DIR that is expected for the applicable contract year but has not yet been received. Enhanced Alternative plans must report DIR for all Part D covered drugs, regardless of enhanced cost sharing. Please refer to pages 13-15 of the June 6, 2011, HPMS memorandum titled “Final Medicare Part D DIR Reporting Requirements for 2010 Payment Reconciliation: Summary Report” for additional details on the Summary DIR reporting requirements.

Unless specified otherwise, the numerical values reported under most of the fields in this report must be positive, meaning they decrease the cost of drugs for the Part D sponsor or the intermediary contracting organization (PBM). All mandatory fields must be filled out, none may be left blank.

Column Name	Column Description, Type, and Field Length
Contract-Plan	<p>Contract number and plan ID (e.g., S0001-001). This number must be an alphanumeric value and must be entered as one letter followed by the four digit contract number, a dash, and the three digit plan ID. The values in this field must be entered for each Part D plan as it will not be automatically generated.</p> <p>This field must be populated with 9 alpha-numeric characters.</p>
DIR #1 – PBM Retained Rebates	<p><u>DIR Type:</u> Manufacturer Rebates</p> <p><u>Entity From:</u> Drug Manufacturer</p> <p><u>Exclusions:</u> Do not include any manufacturer rebates passed through to the Part D sponsor, as these will be reported in the DIR #3 column. Do not include any rebates expected but not yet received in this column, as these amounts will be reported in the DIR #2 column. Do not include any rebate administration fees, which will be reported as DIR in the DIR #4 column or as bona fide service fees later in the report. Do not include any other types of DIR, even if retained by the PBM.</p> <p><u>Additional Details:</u> Include all manufacturer rebates associated with the Medicare prescription drug benefit that are retained by the PBM and not passed through to the Part D sponsor.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. This field must not be blank.</p>

Column Name	Column Description, Type, and Field Length
DIR #1C – PBM Retained Rebates (Additional Comments)	<p>This field is optional.</p> <p>This field is limited to 500 characters.</p>
DIR #2 – Rebates Expected But Not Yet Received	<p><u>DIR Type:</u> Manufacturer Rebates</p> <p><u>Entity From:</u> 1. Drug Manufacturer, 2. PBM</p> <p><u>Exclusions:</u> Do not include any manufacturer rebates reported in the DIR #1 field. Do not include any other types of DIR.</p> <p><u>Additional Details:</u>            Include in this column good faith estimates of rebate amounts that are expected by the Part D sponsor or its PBM for the applicable contract year, but have not yet been received, from a drug manufacturer. All rebate guarantee amounts expected but not yet received from PBMs should also be reported in this column (see the DIR #3 column description for a definition of PBM rebate guarantee amounts).</p> <p>Part D sponsors are advised that the DIR data used to produce the DIR report should be reasonably current, reflecting, at a minimum, the DIR amounts received up to three months prior to the submission deadline.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. This field must not be blank.</p>
DIR #2C – Rebates Expected But Not Yet Received (Additional Comments)	<p>This field is optional.</p> <p>This field is limited to 500 characters.</p>
DIR #3 – All Other Rebates	<p><u>DIR Type:</u> Manufacturer Rebates</p> <p><u>Entity From:</u> 1. Drug Manufacturer, 2. PBM</p> <p><u>Exclusions:</u> Do not include any manufacturer rebates reported in the DIR #1 or DIR #2 fields. Do not include rebate guarantee amounts that are expected but not yet received; such values must be reported under the DIR #2 column. Do not include any other types of DIR from any other sources.</p> <p><u>Additional Details:</u>            Include any manufacturer rebates for Part D purchases actually received either by the Part D sponsor directly from a manufacturer or by a PBM and passed through to the Part D sponsor.</p> <p><i>PBM Rebate Guarantee Amounts.</i> Also include any rebate guarantee amounts received from PBMs. Rebate guarantee amounts are rebate amounts received from PBMs to account for the difference between a rebate amount guaranteed by a PBM and the actual rebate amount received from a drug manufacturer.</p>

Column Name	Column Description, Type, and Field Length
	<p><i>Estimated Rebates at Point-of-Sale.</i> The actual manufacturer rebate amounts received for rebates that were estimated and applied to the negotiated price at the POS are also reported in this column. Although Part D sponsors are required to report their gross drug costs on the PDE record net of any estimated rebates applied at the POS, they are also required to report the actual rebate amounts for these estimated rebates on the DIR report. CMS will subtract the amounts reported in the Estimated Rebates at the POS field of the PDE record from the total DIR amount reported in this report for the purposes of calculating risk sharing and reconciliation amounts.</p> <p><i>Rebates Related to Third-Party Payer Claims.</i> Per 42 CFR 423.464, Part D sponsors are required to coordinate benefits with State Pharmaceutical Assistance Programs (SPAPs) and entities providing other prescription drug coverage (described in 42 CFR 423.464(f)(1)). CMS has taken many steps to help facilitate the coordination of benefits between Part D sponsors and third-party providers of prescription drug coverage. However, there are instances in which Part D sponsors must reimburse third party payers for Part D claims due to COB errors. All rebates associated with these incurred Part D drug costs must be reported in this column.</p> <p><i>Rebates Related to P2P Claims.</i> Also reported in this column are rebates associated with Plan-to-Plan (P2P) claims. Under the current process for reimbursing P2P claims, the Part D sponsor actually incurring the Part D drug costs (the plan of record) does not have claim level data and therefore is unable to receive rebates for these claims. The submitting sponsor, however, may receive rebates for these claims and is required to report them to CMS. Rebates received by the submitting sponsor for P2P claims must be reported in this column.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. This field must not be blank.</p>
<p>DIR #3C – All Other Rebates (Additional Comments)</p>	<p>Additional comments are required. When DIR #3 is zero, provide an explanation as to why there were no other rebates negotiated or reported. When DIR #3 is not zero, describe the type of rebate being reported and the type of entity that is providing the rebate by structuring the comment under the following guidelines.</p> <p>Identify the option(s) from the list below that best describe the reason(s) for the rebates reported in the DIR #3 column:</p> <ul style="list-style-type: none"> <li>A. Formulary access/Tier placement – from Drug Manufacturer</li> <li>B. Formulary access/Tier placement – from PBM</li> <li>C. Market share targets – from Drug Manufacturer</li> <li>D. Market share targets – from PBM</li> <li>E. Volume targets – from Drug Manufacturer</li> <li>F. Volume targets – from PBM</li> <li>G. Exceeding price inflation threshold – from Drug Manufacturer</li> <li>H. Exceeding price inflation threshold – from PBM</li> </ul>

Column Name	Column Description, Type, and Field Length
	<p>I. Rebate guarantee amount – from PBM  J. Other</p> <p>The comment in this column should indicate the applicable selection(s). For example, if options A, C, and D apply, the comment here would be: “A, C, D.”</p> <p>If the Other option (Option J) is selected, the Part D sponsor must also explain why it was selected by describing the unique reason for the rebate in this field. For example, if options A, C, D, and J (Other) apply, the comment here would be: “A, C, D, J. Utilization management.”</p> <p>This field is limited to 500 characters. This field must not be blank.</p>
<p>DIR #4 – Rebate Administration Fees Reported as DIR</p>	<p><u>DIR Type:</u> Fees</p> <p><u>Entity From:</u> 1. Drug Manufacturer, 2. PBM</p> <p><u>Exclusions:</u> Do not include any bona fide service fees. Do not include any other types of DIR.</p> <p><u>Additional Details:</u>  The DIR reported in this column relates to rebate administration fees charged to manufacturers that exceed fair market value. Only the difference between the price paid by the manufacturer and the fair market value of the services provided by the Part D sponsor or PBM is to be reported in this column. Moreover, the amount reported in this column is considered DIR and, therefore, must be included in the Total DIR column.</p> <p>The fee amounts included here must be received by a PBM or by a Part D sponsor (directly or indirectly through its PBM) for administrative services provided to drug manufacturers in connection with the Medicare Part D program. Include any amounts received and retained by PBMs.</p> <p>Given that the portion of a rebate administration fee under consideration here is the amount by which the fee exceeds fair market value, it does not meet the definition of a bona fide service fee. Please refer to the description provided for the “Rebate Administration Fees Reported as Bona Fide Service Fees” field for additional guidance on the definition of a bona fide service fee. In the event that the rebate administration fee exceeds fair market value but otherwise meets the definition of a bona fide service fee, the portion of the rebate administration fee up to the fair market value amount must be reported as a bona fide service fee later in the Summary DIR Report.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. This field must not be blank.</p>

Column Name	Column Description, Type, and Field Length
DIR #4C – Rebate Administration Fees Reported as DIR (Additional Comments)	<p>This field is optional.</p> <p>This field is limited to 500 characters.</p>
DIR #5 – Price Concessions for Administrative Services	<p><u>DIR Type:</u> Price Concessions and Grants</p> <p><u>Entity From:</u> Drug Manufacturer</p> <p><u>Exclusions:</u> Do not include any rebate administration fees collected by the Part D sponsor or the PBM, which are reported as DIR in the DIR #4 column or as bona fide service fees later in the report. Do not include any pharmacy payments, fees, or adjustments, which are reported in the DIR #8 and DIR #9 columns. Do not include any other types of DIR.</p> <p><u>Additional Details:</u>  Include in this column of the Summary DIR Report all price concessions received by a Part D sponsor or PBM from drug manufacturers for administrative services associated with the Part D benefit.</p> <p>Price concessions that are reported here are received when the manufacturer provides administrative services to the Part D sponsor or PBM at a cost below market value. The difference between the market value of the administrative service and the price paid by the Part D sponsor is considered DIR and should be reported in this column.</p> <p>Also reported in this column are grants from pharmaceutical manufacturers for services and programs such as utilization management and medical education.</p> <p>Applicable price concessions for administrative services that are not associated with a specific drug must be reported in full in this column, inclusive of any amount for non-Part D covered drugs. This DIR must fully accrue to the government and beneficiaries and cannot be kept by the Part D sponsor.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. This field must not be blank.</p>
DIR #5C – Price Concessions for Administrative Services (Additional Comments)	<p>If DIR #5 is greater than zero, the Part D sponsor is required to provide a comment specifying the administrative services for which the price concessions are provided. The comment must be structured according to the following guidelines.</p> <p>Identify the option(s) from the list below that best describe the administrative service(s) for which the price concessions reported in the DIR #5 column were provided:</p> <p>A. Utilization management  B. Medical education</p>

Column Name	Column Description, Type, and Field Length
	<p>C. Medication monitoring/Medication therapy management D. Other</p> <p>The comment in this column should indicate the applicable selection(s) and the value(s) associated with the applicable selection(s). For example, if options A and C apply, the comment here would be: "A. \$2,000 C. \$3,500."</p> <p>If the Other option (Option D) is selected, the Part D sponsor must also explain the unique administrative service for which the price concession was received. For example, if options A, C, and D apply, the comment here would be: "A. \$2,000 C. \$3,500 D. \$12,000 for compliance management."</p> <p>This field is limited to 500 characters.</p>
<p>DIR #6 – Legal Settlement Amounts</p>	<p><u>DIR Type</u>: Legal Settlement Amounts</p> <p><u>Entity From or To</u>: Any</p> <p><u>Exclusions</u>: Do not include judgment or settlement amounts related to litigation concerning bona fide service fees or amounts that impact drug costs incurred in years other than 2015. Do not include any other types of DIR.</p> <p><u>Additional Details</u>: Legal judgments or settlement amounts from lawsuits or other legal action, which directly or indirectly impact the drug costs incurred by the Part D sponsor for contract year 2015 are reported in this column. To report legal judgments or settlement amounts that impacted the drug costs incurred in prior contract years, Part D sponsors must submit a revised Summary DIR Report for the applicable contract year.</p> <p>When legal judgments or settlement amounts are paid <i>by</i> the Part D sponsor – serving to increase the drug costs incurred by the sponsor – the value must be reported in this column as a negative adjustment. When such payments are made <i>to</i> the Part D sponsor – serving to decrease the drug costs incurred by the sponsor – the value must be reported in this column as a positive adjustment.</p> <p>In the event of a positive adjustment, any legal fees associated with the lawsuit or legal action resulting in the adjustment may be excluded from the amount reported on the Summary DIR Report for the applicable contract year. Only legal fees up to the total amount of the judgment or settlement associated with the applicable lawsuit or legal action can be counted. For example, Sponsor A received a settlement amount of \$500,000 for lawsuit A and \$100,000 for lawsuit B, both of which impacted drug costs for contract year 2015. Sponsor A incurred \$100,000 in legal fees for lawsuit A and \$125,000 in legal fees for lawsuit B. Sponsor A would report a total of \$400,000 on the 2015 Summary DIR Report – \$400,000 for lawsuit A and \$0 for lawsuit B. Please note, however, that Part D sponsors cannot include</p>

Column Name	Column Description, Type, and Field Length
	<p>legal fees associated with lawsuits or legal action that serve to increase the drug costs incurred by the sponsor (result in a negative adjustment).</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. The value reported in this field may be negative. This field must not be blank.</p>
DIR #6C – Legal Settlement Amounts (Additional Comments)	<p>This field is optional.</p> <p>This field is limited to 500 characters.</p>
DIR #7 – All Other Price Concessions from Manufacturers	<p><u>DIR Type:</u> Price Concessions and Grants</p> <p><u>Entity From:</u> 1. Drug Manufacturer, 2. PBM</p> <p><u>Exclusions:</u> Do not include any price concessions accounted for in the DIR #1 through DIR #6 columns. Do not include price concessions from pharmacies, which are reported in the DIR #8 and DIR #9 columns, or any other types of DIR.</p> <p><u>Additional Details:</u> All price concessions received by a PBM or Part D sponsor (directly or indirectly through the PBM) from pharmaceutical manufacturers for reasons not already captured by the previous columns are reported here. If all price concessions received from manufacturers are captured in the above fields, the value reported here will be zero.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. This field must not be blank.</p>
DIR #7C – All Other Price Concessions from Manufacturers (Additional Comments)	<p>This field is required when DIR #7 does not equal zero. Describe the nature of all other price concessions reported in the DIR #7 field.</p> <p>This field is limited to 500 characters.</p>
DIR #8 – Generic Dispensing Incentive Payments and Adjustments	<p><u>DIR Type:</u> Price Concessions, Fees, Incentive Payments, and Payment Adjustments</p> <p><u>Entity From or To:</u> Pharmacy</p> <p><u>Exclusions:</u> Do not include any similar DIR from entities other than a pharmacy. Exclude incentive payments to pharmacies and adjustments to pharmacy payments <i>not</i> related to generic dispensing (which are reported in the DIR #9 column) and any pharmacy payments or payment adjustments applied at the POS. Do not include other types of DIR.</p> <p><u>Additional Details:</u> Reported in this column is any sum received from or paid to a pharmacy <i>after</i> the point-of-sale based on the pharmacy’s performance in encouraging the dispensing of generic drugs.</p>

Column Name	Column Description, Type, and Field Length
	<p>Specifically, if a sponsor pays a pharmacy a prospective dispensing fee per event but recoups some of the fee after the event when the pharmacy fails to meet a target generic dispensing rate, the amount recouped by the sponsor must be reported to CMS as positive DIR that will reduce the drug costs of the Part D sponsor. Conversely, the sponsor must report generic dispensing related payments made <i>to</i> the pharmacy after the point-of-sale as negative DIR.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. The value reported in this field may be negative. This field must not be blank.</p>
DIR #8C – Generic Dispensing Incentive Payments and Adjustments (Additional Comments)	<p>This field is optional.</p> <p>This field is limited to 500 characters.</p>
DIR #9 – Other Pharmacy Incentive Payments and Adjustments	<p><u>DIR Type:</u> Price Concessions, Fees, Incentive Payments, and Payment Adjustments</p> <p><u>Entity From or To:</u> Pharmacy</p> <p><u>Exclusions:</u> Do not include any similar DIR from entities other than a pharmacy. Exclude incentive payments to pharmacies and adjustments to pharmacy payments related to generic dispensing (reported in the DIR #8 column) and any pharmacy payments or payment adjustments applied at the POS. Do not include other types of DIR.</p> <p><u>Additional Details:</u> Reported in this column is any sum received from or paid to a pharmacy <i>after</i> the point-of-sale based on factors other than generic dispensing.</p> <p>Examples of adjustments to be reported in this field include any reconciliation amount that accounts for differences between the effective rate and the adjudicated rate achieved by the pharmacy at the point-of-sale and contingent incentive fees related to, for instance, audit performance/error rates, refill rates, preferred dispensing rates, or other performance metrics, including qualitative measures.</p> <p>This column must also include per-claim administrative fees collected or paid by a Part D sponsor or PBM from or to pharmacies <i>after</i> the point-of-sale. Examples of such fees include, but are not limited to, preferred pharmacy fees, fees related to extended supply rates, etc.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. The value reported in this field may be negative. This field must not be blank.</p>



Column Name	Column Description, Type, and Field Length
DIR #9C – Other Pharmacy Incentive Payments and Adjustments (Additional Comments)	<p>This field is required when DIR #9 does not equal zero. Describe the types of pharmacy payments and adjustments reported in DIR #9.</p> <p>This field is limited to 500 characters.</p>
DIR #10 – Risk-Sharing Arrangement Payments and Adjustments	<p><u>DIR Type:</u> Price Concessions, Fees, Incentive Payments, and Payment Adjustments</p> <p><u>Entity From or To:</u> Any</p> <p><u>Exclusions:</u> Do not include any amount related to risk-sharing arrangements with CMS. Do not include any rebate guarantee amounts from PBMs, which are to be reported in the DIR #3 field. Do not include any pharmacy payments, fees, or adjustments reported in the DIR #8 and DIR #9 columns. Do not include PBM penalty or repayment related to PBM error, which is reported in the DIR #11 column.</p> <p><u>Additional Details:</u> This field should include any gains or losses that are attributable to drug costs that the Part D sponsor may receive or pay as a result of risk-sharing arrangements with entities other than CMS and that are permissible under the Part D regulations and other applicable laws.</p> <p>Examples of other entities include, but are not limited to, pharmacies, providers, accountable care organizations, other sponsors, PBMs, and other parties involved in the administration or delivery of the Part D benefit.</p> <p>Risk-sharing amounts received must be reported in this column as a positive adjustment. Risk-sharing amounts credited to other parties must be reported in this column as a negative adjustment.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. The value reported in this field may be negative. This field must not be blank.</p>
DIR #10C – Risk-Sharing Arrangement Payments and Adjustments (Additional Comments)	<p>When DIR #10 is non-zero, the Part D sponsor is required to populate this field with a comment describing the risk-sharing arrangement(s) with which the sum reported under the DIR #10 column is associated and the party with which the risk is shared.</p> <p>This field is limited to 500 characters.</p>
DIR #11 – All Other DIR	<p><u>DIR Type:</u> Any</p> <p><u>Entity From or To:</u> Any</p> <p><u>Exclusions:</u> Do not include any DIR reported in the preceding fields (DIR #1 through DIR #10 columns).</p> <p><u>Additional Details:</u></p>

Column Name	Column Description, Type, and Field Length
	<p>Report here any DIR that has not yet been reported and serves to increase or decrease the drug costs of the Part D sponsor.</p> <p>One example of DIR that should be reported here is a PBM penalty payment or repayment that has not been submitted on an adjusted PDE record and directly or indirectly impacts the drug costs incurred by the Part D sponsor. Such a penalty is often assessed on a PBM in cases where incorrect drug costs were paid or reported by the Part D sponsor because of the PBM's error.</p> <p>Some PBM penalty payments include a price concession for administrative services provided by the PBM as well as remuneration for drug costs. In such an event, the sponsor must report as DIR the portion of the penalty that is equal to the amount by which the drug costs paid by the sponsor, or reported on the adjusted PDE, differs from the correct drug costs. The remaining portion of the penalty does not impact drug costs incurred by the sponsor. Instead, it represents a price concession for administrative services which is not considered DIR and would not be reported in this column.</p> <p>DIR that is not associated with a specific drug, must be reported in full in this column, including any amount for non-Part D covered drugs. This DIR must fully accrue to the government and beneficiaries and cannot be kept by the Part D sponsor.</p> <p>The All Other DIR field cannot be used to report claim level adjustments; the sponsor should submit an adjusted PDE record to account for any change in drug costs paid on specific claims or groups of claims. Thus, in most cases, Part D sponsors will submit an adjusted PDE record with revised gross drug costs if their PBM has administered the benefit incorrectly. In these cases, the PBM penalty associated with the errors in drug costs should not be reported as DIR since the PDE record has been adjusted to reflect the appropriate gross drug costs.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. This field must not be blank.</p>
DIR #11C – All Other DIR (Additional Comments)	<p>This field is required if DIR # 11 does not equal zero. Describe the type of price concession, the type of entity from (or to) which the Part D sponsor is collecting (or paying) (e.g., pharmacy or PBM), and the associated dollar amount in this column for each price concession or DIR adjustment included in DIR #11. Additionally, any PBM manual adjustments or PBM penalty amounts reported in DIR #11 must be explained in this column.</p> <p>This field is limited to 500 characters.</p>
Total DIR	<p>This field represents the sum of all DIR reported for each Part D PBP and is automatically generated. It does not include amounts reported in the columns that follow this one (Rebate Administration Fees Reported as Bona Fide Service Fees, All Other Bona Fide Service Fees, and PBM Spread Amounts for Retail and Mail Order Pharmacies).</p>

Column Name	Column Description, Type, and Field Length
	This field is numeric and may contain up to 14 digits before the decimal and 2 digits after the decimal. This value reported in this field may be negative. This field must not be blank.
Total DIR (Additional Comments)	<p>This field is required if Total DIR reported is zero or negative. Provide an explanation of why the specific Part D PBP has no DIR or negative DIR.</p> <p>This field is limited to 500 characters.</p>
Rebates at POS?	<p>If the Part D sponsor applied (estimated) rebates to the negotiated price at the POS in the applicable contract year, it must enter “Y” in this column for each applicable Part D PBP. Otherwise, the Part D sponsor should enter “N” in this column to indicate that no rebates were applied to the negotiated price at the POS.</p> <p>This field must be populated with one character, either “Y” or “N.” This field must not be blank.</p>
Rebate Administration Fees Reported as Bona Fide Service Fees	<p>Include in this column of the Summary DIR Report all rebate administration fees charged to manufacturers that meet the definition of a bona fide service fee. The fee amounts included here must be received either by a PBM or directly by a Part D sponsor. Include any amounts received and retained by PBMs.</p> <p>Bona fide service fees, as defined at 42 CFR 423.501, are fees paid by a manufacturer to an entity and meet all of the following conditions:</p> <ol style="list-style-type: none"> <li>1) The fee must be paid for a bona fide, itemized service that is actually performed on behalf of the manufacturer;</li> <li>2) The manufacturer would otherwise perform or contract for the service in the absence of the service arrangement;</li> <li>3) The fee represents fair market value; and</li> <li>4) The fee is not passed on, in whole or in part, to a client or customer of an entity, whether or not the entity takes title to the drug.</li> </ol> <p>We interpret the first two elements of the definition of bona fide services to mean any reasonably necessary or useful services of value to the manufacturer that are associated with the efficient distribution of drugs. Services “on behalf of” the manufacturer include both those the manufacturer has the capacity to perform and those that can only be performed by another entity.</p> <p>The element of “fair market value” means the manufacturer must pay Part D sponsor or PBM the same rate for performing these services that it would have paid had the services been performed by other or similarly situated entities. Manufacturers must determine the fair market value, themselves, using the most appropriate, industry-accepted method, which we believe manufacturers are well-equipped to identify. Documentation of the fair market value analysis needs to be maintained by the sponsor. This documentation shall include, at a minimum, assumptions, methodology, and rationale used to determine fair market value.</p>

Column Name	Column Description, Type, and Field Length
	<p>The final element dictates that a fee may not be reported as a bona fide service fee if the Part D sponsor passes the fee on, in whole or in part, to beneficiaries, whether or not the sponsor takes title to the drug. Similarly, a fee may not be reported as a bona fide service fee if the entity providing PBM services passes the fee on, in whole or in part, to the Part D sponsor, whether or not the entity providing PBM services takes title to the drug.</p> <p>All of these conditions must be met for a fee to be considered a bona fide service fee. The sponsor must maintain documentation supporting the evaluation of the above criteria for bona fide service fees.</p> <p>In the event that the rebate administration fee exceeds fair market value but otherwise meets the definition of a bona fide service fee, the portion of the rebate administration fee up to the fair market value amount must be reported in this column. The portion that exceeds fair market value must be reported in the DIR #4 column.</p> <p>Bona fide service fees are not considered price concessions that reduce the drug costs incurred by the Part D sponsor and are not considered DIR. Therefore the amounts reported in this column will not be included in the Total DIR column. In addition, these amounts will not be excluded from allowable reinsurance costs and allowable risk corridor costs when CMS calculates reinsurance and risk sharing payments during the Part D payment reconciliation process.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. This field must not be blank.</p>
<p>Rebate Administration Fees Reported as Bona Fide Service Fees (Additional Comments)</p>	<p>This field is optional.</p> <p>This field is limited to 500 characters.</p>
<p>All Other Bona Fide Service Fees</p>	<p>All bona fide service fees that are received in connection with the Medicare Part D program and have not been captured under previous fields must be reported in this column.</p> <p>Please refer to the description provided for “Rebate Administration Fees Reported as Bona Fide Service Fees” for additional guidance on the definition of a bona fide service. Again, bona fide service fees are not considered DIR and will not be included in the Total DIR column nor excluded from allowable reinsurance and risk corridor costs.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. This field must not be blank.</p>

Column Name	Column Description, Type, and Field Length
<p>All Other Bona Fide Service Fees (Additional Comments)</p>	<p>If the amount of All Other Bona Fide Service Fees reported is non-zero, the Part D sponsor is required to populate this field with a comment specifying the nature of the fees. The comment must be structured according to the following guidelines.</p> <p>Identify the option(s) from the list below which best describe the service(s) for which an All Other Bona Fide Service Fee amount was reported:</p> <ul style="list-style-type: none"> <li>A. Data service fees</li> <li>B. Utilization management</li> <li>C. Medical education</li> <li>D. Medication monitoring / Medication therapy management</li> <li>E. Other</li> </ul> <p>The comment in this column should indicate the applicable selection(s) and the value(s) associated with the applicable selection(s). For example, if options A and C apply, the comment here would be: "A. \$140,000 C. \$20,000."</p> <p>If the Other option (Option E) is selected, the Part D sponsor must also explain the unique bona fide service fee received. For example, if options A, C, and E apply, the comment here would be: "A. \$140,000 C. \$20,000 E. \$1,000 for compliance management."</p>
<p>PBM Incentive Payments</p>	<p>Include in this column any incentive or bonus payments paid by the Part D sponsor to PBMs for performing administrative services such as negotiating rebates and drug prices as well as increasing generic utilization.</p> <p>These incentive or bonus payments represent an increase in the administrative fees paid by the Part D sponsor to its PBM and are not considered DIR.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. This field must not be blank.</p>
<p>PBM Incentive Payments (Additional Comments)</p>	<p>If the amount of PBM Incentive Payments reported is non-zero, the Part D sponsor is required to populate this field with a comment describing the factor motivating the PBM incentive payments. The comment must be structured according to the following guidelines.</p> <p>Identify the option(s) from the list below which best describe why the PBM incentive payments that are reported were made:</p> <ul style="list-style-type: none"> <li>A. Rebate threshold</li> <li>B. Total drug costs savings threshold</li> <li>C. Generic dispensing rate</li> <li>D. Dispensing fees savings</li> <li>E. Other</li> </ul>

Column Name	Column Description, Type, and Field Length
	<p>The comment in this column should indicate the applicable selection(s) and the value(s) associated with the applicable selection(s). For example, if options A and C apply, the comment here would be: "A. \$1,000 C. \$5,000."</p> <p>If the Other option (Option E) is selected, the Part D sponsor must also explain the unique reason for the PBM incentive payment received. For example, if options A, C, and E apply, the comment here would be: "A. \$1,000 C. \$5,000 E. \$12,000 for error free rate."</p>
<p>PBM Spread Amounts for Retail Pharmacies</p>	<p>The aggregate amount of the difference between the amount paid by the Part D sponsor to the PBM and the amount the PBM pays retail pharmacies, sometimes referred to as "PBM spread" or "risk premium," must be reported in this column of the Summary DIR Report. We emphasize that sponsors must report aggregate values for all PBM spread amounts, not the PBM spread for each retail pharmacy.</p> <p>The value reported here must be for all covered drug costs under the Part D program, excluding spreads for drugs not covered under the Part D program.</p> <p>If sponsors use pass-through pricing to pay PBMs, this value should be zero. Sponsors that use lock-in pricing to pay PBMs must report in this column the difference between the lock-in price and the price ultimately received by the pharmacy.</p> <p>The PBM Spread Amounts for Retail Pharmacies are not considered DIR because they do not serve to change the cost of drugs for Part D sponsors. Therefore, the amounts reported in this column of the Summary DIR Report will not be included in the Total DIR column. In addition, these amounts will not be excluded from allowable reinsurance costs and allowable risk corridor costs when CMS calculates reinsurance and risk-sharing payments during the Part D payment reconciliation process.</p> <p>PBM Spread Amounts for Retail Pharmacies are confidential and shall not be disclosed by CMS, except in a form which does not disclose the identity of a specific PBM, plan, or prices charged for drugs for the purposes of carrying out Section 6005 of the ACA and Part D program functions or as otherwise specifically provided under section 6005 of the ACA.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. For a negative value, enter a minus sign and the value for the field. This field must not be blank.</p>
<p>PBM Spread Amounts for Mail Order Pharmacies</p>	<p>The aggregate amount of the difference between the amount paid to the PBM and the amount the PBM pays mail order pharmacies, sometimes referred to as "PBM spread" or "risk premium," must be reported in this column of the Summary DIR Report. We emphasize that sponsors must report aggregate values for all PBM spread amounts, not the PBM spread for each mail order pharmacy.</p>

Column Name	Column Description, Type, and Field Length
	<p>The value reported here must be for all covered drug costs under the Part D program, excluding spreads for drugs not covered under the Part D program.</p> <p>If sponsors use pass-through pricing to pay PBMs, this value should be zero. Sponsors that use lock-in pricing to pay PBMs must report in this column the difference between the lock-in price and the price ultimately received by the pharmacy.</p> <p>The PBM Spread Amounts for Mail Order Pharmacies are not considered DIR because they do not serve to change the cost of drugs for Part D sponsors. Therefore, the amounts reported in this column of the Summary DIR Report will not be included in the Total DIR column. In addition, these amounts will not be excluded from allowable reinsurance costs and allowable risk corridor costs when CMS calculates reinsurance and risk-sharing payments during the Part D payment reconciliation process.</p> <p>PBM Spread Amounts for Mail Order Pharmacies are confidential and shall not be disclosed by CMS, except in a form which does not disclose the identity of a specific PBM, plan, or prices charged for drugs for the purposes of carrying out Section 6005 of the ACA and Part D program functions or as otherwise specifically provided under section 6005 of the ACA.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 2 digits after the decimal. For a negative value, enter a minus sign and the value for the field. This field must not be blank.</p>

**B. Description of Columns in the Detailed DIR Report**

DIR data must be reported for each PBP and reported in aggregate for each 11-digit NDC. The Detailed DIR Report contains two columns of DIR dollars. The column titled “Rebate Dollars” must equal the sum of the values reported in columns #1 through #3 in the Summary DIR Report for the same coverage year. The column titled “All Other DIR (i.e., non-rebate DIR)” must equal the sum of columns #4 through #11 in the Summary DIR Report for the same coverage year. In the Detailed DIR Report, values must be reported for all Part D-covered NDCs with utilization, regardless of the NDC’s brand or generic status, the acceptance status of any PDE claims for it, or the magnitude and/or the presence of any rebates and/or all other DIR.

Column Name	Column Description, Type, and Field Length
Contract-Plan	<p>Contract number and plan ID (e.g., S0001-001). This number must be entered as an alphanumeric value and must be entered as one letter followed by the four digit contract number, a dash, and the three digit plan ID. The values in this field must be entered for each Part D PBP as they will not be automatically generated.</p> <p>This field must be populated with 9 alpha-numeric characters.</p>

Column Name	Column Description, Type, and Field Length
11-digit NDC	<p>Enter the 11-digit National Drug Code in this field. This number must be entered as exactly 11 digits with no dashes (e.g., 55555000102).</p> <p>The sponsor must report only one NDC per line. Moreover, an NDC can only be reported once for each Contract-Plan. In other words, CMS will accept only one Contract-Plan-NDC combination.</p> <p>In the event that a Contract-Plan has no NDCs with utilization, this field may be left blank. If the field is left blank, plans must provide a short explanation in the “Comments” column of the Detailed DIR Report.</p>
Rebate Dollars	<p>Report total rebate dollars associated with drug sales under Medicare Part D that are received by Part D sponsors for each 11-digit NDC. This includes good faith estimates of rebate amounts that are expected for the applicable contract year, as well as rebates already received. The Rebate Dollars column in the Detailed 2015 DIR Report will include all rebates classified under columns #1-3 on the Summary 2015 DIR Report.</p> <p>For each 11-digit NDC with utilization, provide the total rebate dollars for all Part D plan expenditures incurred during contract year 2015. Even rebates received for Part D plan expenditures reported on PDE records that were initially rejected but that the Part D sponsor believes will ultimately be accepted must be reported on the Detailed DIR Report.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 3 digits after the decimal. The value reported in this field may be negative. This field must not be blank.</p>
All Other DIR (i.e., non-rebate DIR)	<p>Report total non-rebate DIR in this column. The All Other DIR column in the Detailed 2015 DIR Report will include DIR provided in columns #4-11 on the Summary 2015 DIR Report.</p> <p>For each 11-digit NDC with utilization, provide the total amount of non-rebate DIR. All other DIR received for Part D plan expenditures incurred during contract year 2015 must be reported. Even all non-rebate DIR amounts that reduce Part D covered costs reported on PDE records that were initially rejected by CMS’s systems but that the Part D sponsor believes will ultimately be accepted must be reported on the Detailed DIR Report.</p> <p>This field is numeric and may have up to 12 digits before the decimal and 3 digits after the decimal. This value reported in this field may be negative. This field must not be blank.</p>
Comments	<p>If reporting zero in <b>both</b> “Rebate Dollars” and “All Other DIR” for a specific 11-Digit NDC, or if the 11-digit NDC field is blank, Part D sponsors must provide a short explanation in the “Comments” column of the Detailed DIR Report.</p> <p>If reporting a negative amount in either the All Other DIR or Rebate Dollars columns for a specific 11-Digit NDC, Part D sponsors must</p>



Column Name	Column Description, Type, and Field Length
	<p>provide a short explanation in the “Comments” column of the Detailed DIR Report. If Rebate Dollars and All Other DIR are both zero for the row, the sponsor must provide a comment. If a Contract-Plan has no NDCs with utilization and leaves the 11-digit NDC field blank, the Part D sponsor must provide a short explanation in this column as well.</p> <p>This field is a character field and may have up to 4,000 characters.</p>

### **C. Steps for Submitting 2015 DIR Submission Information and DIR Reports**

Sponsors may upload the Submission Information and DIR Reports as many times as they choose until 11:59 PM PT, on Thursday, June 30, 2016. In our reviews, CMS will use only the information reported on the Submission Information, Summary DIR Report, and Detailed DIR Report that were most recently uploaded by the deadline. Please refer to the Helpful Hints documents in HPMS when preparing your DIR submissions. These documents contain the HPMS pathways and systems specifications for successful upload.

### **D. Attestations of DIR Related Data**

After CMS marks the Submission Information and DIR Reports as “accepted” in HPMS, Part D sponsors will be required to submit an attestation for each DIR Report. In this attestation, Part D sponsors must certify that all information provided is accurate, complete, and truthful to the sponsor’s best knowledge, information, and belief. Part D sponsors must also certify in the attestations and maintain documentation to verify that all entities that have generated or submitted this information on their behalf have certified that all information is accurate, complete, and truthful, based on the entity’s best knowledge, information, and belief.

PACE organizations that report \$0 in all DIR categories in the Summary DIR Report, and therefore do not submit a Detailed DIR Report, are not required to submit the Attestation of Data Relating to Detailed DIR Data.

Additional guidance regarding attestation submissions, including the submission deadline, will be provided at a later date through HPMS.

### **E. Resubmitting Summary DIR Reports for Prior Coverage Years**

CMS is aware that there are instances when Part D sponsors may receive unanticipated rebate amounts, settlement amounts, or other price concessions after the submission deadline that could result in changes to the DIR data reported to CMS. Sponsors may also have findings from government audits or reports that require resubmission of Summary DIR. Per 42 CFR §423.346, CMS has the authority to reopen and revise initial or reconsidered final Part D payment determinations within specified time periods. Therefore, to ensure that CMS has the information

needed to determine whether a reopening of a sponsor's final Part D payment determination is warranted, Part D sponsors must inform CMS of changes in their DIR data that affect the Total DIR reported to CMS. In the event that changes in DIR result in an overpayment for a prior coverage year, there may also be additional requirements under 42 CFR § 423.360 and the December 29, 2015 HPMS memorandum, Revised Reopening Request Process and Notification of Overpayment Related to PDE and DIR Data.

The resubmission window is limited to resubmissions of the Summary DIR Reports. CMS does not intend to reopen the window for resubmission of Detailed DIR Reports at this time.

*i. Contract years 2006, 2007, 2008, and 2009*

CMS does not generally require Part D sponsors to report changes or errors in DIR for contract years 2006, 2007, 2008, and 2009. However, we continue to require Part D sponsors to report changes for these years that arise from fraud or similar fault. Although these years are outside the look-back period under 42 CFR § 423.360, we note that the government may rely on other authority and have other avenues for pursuing the return of overpayments due to false and fraudulent claims outside of these provisions, including outside of the look-back period.

*ii. Reporting changes to contract year 2010*

To report a change or error in the DIR amounts reported for contract year 2010, sponsors may not simply upload updated Summary DIR Reports. Instead, they must submit a reopening request, as described in the December 29, 2015 HPMS memorandum, Revised Reopening Request Process and Notification of Overpayment Related to PDE and DIR Data. If a reopening request is granted, the sponsor will be notified to resubmit an updated DIR report (using the applicable template for the applicable benefit year).

*ii. Reporting changes to 2011 DIR*

To report a known change or error in the DIR amounts reported for contract year 2011, Part D sponsors must submit an updated Summary DIR Report in HPMS using the 2011 report template during the DIR resubmission period from July 1, 2016 through 11:59 PM PT on July 31, 2016. The resubmission window will open for all Part D sponsors to resubmit the DIR report for benefit year 2011. If a sponsor does not need to resubmit a report, please disregard any email notifications sent out regarding the resubmission window.

**The July 2016 resubmission window will be the last opportunity for sponsors to submit an updated Summary DIR Report for the 2011 reopening of the Part D payment reconciliation. Sponsors should access their 2011 Summary DIR Report to verify the data that will be used in the 2011 Part D payment reopening.**

Any Part D sponsor that was previously notified of audit findings and observations through the Office of Financial Management (OFM) regarding the “One-Third Audits” is required to submit an updated 2011 DIR Report for Payment Reconciliation: Summary Report (Summary 2011 DIR Report) if they have not already done so. If a sponsor fails to update the Summary DIR Report based upon audit findings, CMS may take compliance actions. Any sponsor that submitted a 2011 reopening request that included DIR should also submit an updated 2011 DIR Report if the sponsor has not done so already.

To report a change or error in the DIR amounts reported for contract year 2011 after the submission period that ends on July 31, 2016 Part D sponsors must submit a reopening request.

### ***iii. Reporting changes to 2012, 2013, and 2014 DIR***

To report a known change or error in the DIR amounts reported for contract years 2012, 2013, and 2014, Part D sponsors must submit an updated Summary DIR Report in HPMS using the 2012, 2013, and 2014 report template, as appropriate, during the DIR submission period from July 1, 2016 through 11:59 PM PT on July 31, 2016. Part D sponsors also have the option to request that CMS, at its discretion, reopen and revise the sponsor’s final Part D payment determinations to reflect their reported changes in DIR.

To report a change or error in the DIR amounts reported for contract years 2012, 2013, or 2014 after the current submission period that ends on July 31, 2016, Part D sponsors must submit an updated DIR Report using the 2012, 2013, or 2014 report template during the 2016 DIR reporting cycle in the summer of 2017.

Part D sponsors are not required to submit an updated DIR Report for any year if there has been no change to the total DIR previously reported to CMS. Thus, if there have been changes in the DIR data that result in no change to the “Total DIR” column, Part D sponsors are not required to submit an updated DIR Report.

These scenarios are summarized in the table below. Note that if CMS conducts a reopening, we may, in our discretion, elect to limit reopenings to only those sponsors who have affirmatively requested a reopening.

**Table 3. Scenarios for resubmitting Summary DIR Reports for prior coverage years**

Scenario	Sponsor Action*
Part D sponsor must report a change or error for contract year 2010	<p>This scenario can be initiated by the Part D sponsor or by CMS. If the Part D sponsor believes it must resubmit DIR for contract year 2010, the Part D sponsor must submit a reopening request. If the reopening request is granted, then sponsors would be notified to resubmit an updated DIR report (using the 2010 report template).</p> <p>CMS may also contact Part D sponsors with instructions and submission deadlines for resubmitting DIR for contract year 2010.</p>
Part D sponsor must report a change or error for contract year 2011	Part D sponsor must submit an updated Summary DIR Report using the 2011 report template during the DIR submission period from July 1, 2016 through 11:59 PM PT on July 31, 2016 in HPMS.
Part D sponsor must report a change or error for contract years 2012, 2013, or 2014 during July 2016	Part D sponsor must submit an updated DIR Report (using the 2012, 2013, or 2014 report template, as appropriate) during the DIR submission period from July 1, 2016 through 11:59 PM PT on July 31, 2016 in HPMS.
Part D sponsor must report a change or error in DIR amounts for contract year 2011 after July 31, 2016.	Part D sponsor must submit a reopening request. If the reopening request is granted, then sponsor would be notified to resubmit an updated DIR report using the 2011 report template.
Part D sponsor must report a change or error in DIR amounts for contract years 2012, 2013, or 2014 after July 31, 2016	<p>Part D sponsor must submit an updated DIR Report using the 2012, 2013, or 2014 report template, as appropriate, during the DIR submission cycle in summer of 2017.</p> <p>Part D sponsors also have the option to request that CMS, at its discretion, reopen and revise the sponsor’s final Part D payment determinations to reflect their reported changes in DIR.</p>
No change to the total DIR previously reported to CMS	Part D sponsors are not required to submit an updated DIR Report for any year if there has been no change to the total DIR previously reported to CMS. Disregard any email notifications sent from HPMS when the DIR resubmission window opens.

\* Note that there may be additional requirements under 42 CFR 423.360 and the December 29, 2015 HPMS memorandum, *Revised Reopening Request Process and Notification of Overpayment Related to PDE and DIR Data*.

CMS will review all submitted reopening requests and make a determination on whether the sponsor’s final Part D payment determinations will be reopened. Reopening requests must be submitted to Acumen at: [PartDPaymentSupport@acumenllc.com](mailto:PartDPaymentSupport@acumenllc.com). Please see the December 29, 2015 HPMS memorandum, *Revised Reopening Request Process and Notification of Overpayment Related to PDE and DIR Data*, for additional guidance regarding how to submit a reopening request. Please note that the reopening process requires substantial CMS preparation and resources. Therefore, it may take some time to receive a determination regarding a request for reopening from CMS. In addition, Part D sponsors should not expect the reopening to be performed immediately after receiving a decision to reopen.

## **V. STEPS FOR SUBMITTING DIR REPORT FOR PAYMENT RECONCILIATION**

The following instructions explain how to access the DIR module within HPMS. More detailed instructions are provided in the “Helpful Hints” documents under the “Documentation” section.

1. Enter DIR Submission Information
  - a. Go to the DIR Submission Information page using the following pathway: HPMS Homepage > Plan Bids > DIR Reporting > Contract Year 2015 > DIR Submission Info.
  - b. For each contract, provide a response for each question or enter “N/A” as applicable. If the 2015 DIR Report for Payment Reconciliation was previously submitted, provide a reason for resubmitting the DIR Report. Refer to the DIR Submission Info Helpful Hints document for additional instructions.
2. Download DIR Report Template (for Summary and Detailed DIR Reports)
  - a. Go to the DIR Download page using the following navigation path: HPMS Homepage > Plan Bids > DIR Reporting > Contract Year 2015 > (Submission) Download Templates.
  - b. Download the DIR Summary and Detailed Report Templates.
3. Enter data into DIR Report Template to create new DIR Report
  - a. Refer to the Summary DIR Reporting Helpful Hints and Detailed DIR Reporting Helpful Hints documents for the instructions for populating, saving the reports, and uploading the reports.
  - b. If you receive any error messages when attempting to upload the report, make corrections to the DIR Report, save the file, and attempt to upload again.
  - c. If you are unable to resolve the error messages, contact the HPMS Help Desk at either 1-800-220-2028 or hpms@cms.hhs.gov.
4. Verify data has successfully completed the unload process
  - a. Go to the DIR Unload Status Report using the following navigation path: HPMS Homepage > Plan Bids > DIR Reporting > Contract Year 2015 > DIR Reports > select either Summary DIR Unload Status Report or Detailed DIR Unload Status Report.
  - b. Check the “Unload Status” column. Once it says “Successful,” the DIR data will be available to view in HPMS.
5. Review DIR Report saved in HPMS
  - a. Go to the DIR Download page using the following navigation path: HPMS Homepage > Plan Bids > DIR Reporting > Contract Year 2015 > DIR Reports > select either Summary DIR Data Report or Detailed DIR Data Report.
  - b. Review the submission information and Summary DIR values in the Summary DIR Data Report saved on HPMS.

- c. Review the Detailed DIR values in the Detailed DIR Data Report.
- d. If there any errors, make corrections to the DIR Report, save the file, and upload the corrected DIR report. If you are unable to resolve the errors, contact the HPMS Help Desk.