

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:** March 25, 2015

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

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

**SUBJECT:** Updates on the new Medicare Part D Coverage Gap Discount Program Direct Payment Process

In this memorandum, the Centers for Medicare & Medicaid Services (CMS) is announcing a phased approach to implementing the new Coverage Gap Discount Program (CGDP) Direct Payment Process (DPP). On January 15, 2015, CMS announced the new CGDP DPP as part of the new CGDP portal for Pharmaceutical Manufacturers and Part D sponsors to download invoices and submit payments for the CGDP. CMS has elected to phase in the DPP and phase out the current process to ensure that both parties have adequate time to make any necessary changes to their current processes.

Effective with the Quarter 1 2015 invoices, the new CGDP portal will be available for downloading reports, including the Manufacturer's Invoice Reports and Data Reports and the Sponsors' Summary Reports, Data Reports, and the Coverage Gap Tracking Reports. Electronic Funds Transfer (EFT) information will be collected using the current EFT online form and EFT information will be distributed for the Quarter 1 2015 invoice payments. However, the payment enrollment process must still be completed by the time Quarter 2 2015 invoices are released. Additional instructions on the enrollment steps will be supplied by the Third Party Administrator (TPA) at a later time. The 1099 related information, which will be useful once the new CGDP portal is fully active and the EFT information is discontinued, will be available in the Reports tab. As part of this phased approach, the TPA will begin performing periodic account validation tests using the EFT information. In addition, the invoice data will be uploaded to the Payments tab in the CGDP portal for training purposes. However, the new payment initiation functionality will be disabled. Manufacturers and sponsors are to continue to make payments directly to payees and confirm payments through the TPA. Furthermore, the TPA will continue to accept payment confirmations from prior quarters. Lastly, Manufacturers may submit Dispute Files through the new CGDP portal or continue to upload Dispute Files to their Secure File Transfer Protocol (SFTP) mailboxes.

Beginning with Quarter 2 2015, the new payment initiation functionality will be activated and all Part D sponsors and Pharmaceutical Manufacturers shall use the new CGDP portal for the DPP. Accordingly, beginning with Quarter 2 2015, CMS will no longer accept payment confirmations for prior invoicing periods through the TPA. Although payment confirmations will not be submitted, the TPA and CMS will continue to work with all parties to address outstanding payments. Payment confirmation for Quarter 2 2015 will occur automatically through the CGDP portal. For Quarter 2 2015 disputes, the TPA will accept disputes through either the new CGDP portal or the SFTP mailboxes. After the Quarter 2 2015 dispute submission period manufacturers shall use the new CGDP portal to submit disputes.

To ensure that Part D sponsors and Pharmaceutical Manufacturers are ready to make payments using the DPP, CMS encourages all parties to access the new CGDP portal when it becomes available to ensure that their existing processes are modified in time for the Quarter 2 2015 invoices. In addition, CMS encourages both parties to review the Frequently Asked Questions (FAQ) document on the DPP on the TPA website, [www.tpadadministrator.com](http://www.tpadadministrator.com) under the Frequently Asked Questions and the New Direct Payment Process Information sections. The FAQ document will be updated as additional questions are addressed.

In the upcoming months, the TPA will schedule training on the new CGDP portal to ensure that users understand how to use the portal. Any questions about this memorandum or the new CGDP portal should be submitted to the TPA at 1-877-534-2772, option 1 or by email at [tpaoperations@tpadministrator.com](mailto:tpaoperations@tpadministrator.com).