

## NCPA Member Summary: CMS' Final Part Two Guidance on the Medicare Prescription Payment Plan (M3P, formerly known as "co-pay smoothing") of the Inflation Reduction Act (July 2024)

The Centers for Medicare and Medicaid Services (CMS) released its [final part two guidance](#) on a select set of topics for the Medicare Prescription Payment Plan (M3P, formerly known as "co-pay smoothing"), of the Inflation Reduction Act, for contract year (CY) 2025. NCPA led a [joint sign-on comment letter](#) with APhA, NACDS, ASCP, NASPA, ASHP on the draft guidance in March 2024.

**CMS punts on reasonable and relevant reimbursement for pharmacies to operationalize the MFP.** CMS "strongly encouraged" (but did not require) Part D sponsors to ensure that pharmacies receive adequate reimbursement for services provided to Part D enrollees related to participation in the M3P. CMS stated that it may not interfere with the negotiations between Part D sponsors and pharmacies and generally may not institute a price structure for the reimbursement of covered Part D drugs. Further, CMS stated that it does not have the statutory authority to directly reimburse Part D sponsors' contracted pharmacies for costs associated with administering the program. CMS is not reimbursing any actors to implement the M3P program.

- **CMS did not grant NCPA ask.** Our comments had requested that plan sponsors and PBMs provide timely, reasonable, and appropriate reimbursement to pharmacies to cover drug's acquisition cost and dispensing fees for M3P drugs, and for M3P-related pharmacy costs under the coordination of benefits (COB) methodology approach.

**No additional counseling.** CMS reiterated that the distribution of the "Medicare Prescription Payment Plan Likely to Benefit Notice" by pharmacies in no way obligates the pharmacy to provide additional Medicare Prescription Payment Plan counseling or consultation to the Part D enrollee.

- **CMS granted NCPA ask.** In our comments, we supported CMS' proposal to not require pharmacies to provide counseling or consultation on the matter.

**Methods of providing Likely to Benefit Notice.** CMS acknowledged NCPA's suggestion to allow flexibility for the format (e.g., electronic) of the Medicare Prescription Payment Plan Likely to Benefit Notice, but the final guidance requires a paper hard copy for most pharmacy settings. See below for LTC pharmacy. It is worth noting that the guidance requires the Part D sponsor to "ensure that a **hard copy** of the Likely to Benefit Notice is provided to enrollees identified as likely to benefit (or the person acting on their behalf) at the time the prescription is picked up. Pharmacies may need to update policies and procedures for prescription pickup. CMS stated that these notification strategies are a minimum requirement, and that pharmacies are encouraged to leverage additional notification strategies (such as text, web pop-up, email, or QR code).

- **CMS denied NCPA ask.** In our comments, to minimize administrative burden, we asked for flexibility to permit electronic delivery of the Likely to Benefit Notice, which could be automated upon notification from the PBM. Instead of merely allowing for hard copies, we advised in our comments that a hard copy be available to beneficiaries upon request, but that pharmacies can

also provide the notifications via SMS text messaging, QR codes, patient portal, or other electronic methods.

**Enrollees who do not pick up their prescription.** CMS stated that pharmacies were still required to provide the “Medicare Prescription Payment Plan Likely to Benefit Notice” to the Part D enrollee even if the enrollee declines to fill the prescription, but that this only applies to situations in which a pharmacy is in contact with the identified enrollee (e.g., the enrollee presents to the pharmacy and then declines the prescription). CMS also stated that while pharmacies are encouraged to develop additional notification strategies, CMS does not expect pharmacies to take measures beyond their typical notification strategy to contact enrollees who chose not to pick up their prescription.

- **CMS denied NCPA ask.** In our comments, we argued that CMS should note that if the beneficiary does not come pick up the medication, there is no way for the pharmacy to give the Likely to Benefit Notice to the beneficiary.

**Standardized processes.** CMS stated that it supported the work of NCPDP in developing values for Approved Message Code (548-6F) responses that provide a standardized way for Part D sponsors and their PBMs to communicate an enrollee’s Medicare Prescription Payment Plan status to pharmacies. CMS also stated that it requires that Part D sponsors use the NCPDP Telecommunication Standard for notifications to the pharmacy. NCPA has been communicating with pharmacy dispensing systems that are corporate members to encourage visibility of these new codes, including code that Part D sponsors will use to indicate the Likely to Benefit notice is needed.

- **CMS granted NCPA ask.** In our comments, we recommended that CMS specify a standardized means by which all Part D sponsors shall notify the pharmacy that the likely-to-benefit threshold has been met and the model notice should be offered to the enrollee. We also recommend use of the “Beneficiary Likely to Benefit from” value in NCPDP Approved Message Code (548-6F) field for this purpose.

**Readjudication of prescription drug claims for new program participants.** In the final guidance, CMS is no longer requiring all prescription drug claims to be readjudicated for new Medicare Prescription Payment Plan participants. Rather, pharmacies are only required to reverse and reprocess the claim for the prescription that triggered the likely to benefit notification for the new participant, so the date of service on the claim falls within the Part D enrollee’s dates of participation in the program. If the enrollee has other prescriptions with earlier dates of service that have not yet been paid for and picked up, the pharmacy is only required to reverse and reprocess claims for those prescriptions at the request of the participant.

- **CMS denied NCPA ask.** In our comments, we expressed concern regarding requirements to readjudicate claims for prescriptions that have not yet been picked up by a new program participant.

**Additional resources for pharmacies.** With regard to network pharmacies, CMS encouraged Part D sponsors to provide pharmacies with education and resources related to the Medicare Prescription Payment Plan. CMS stated that all pharmacies would benefit from program resources and a thorough understanding of how the Medicare Prescription Payment Plan works and how it can benefit participants. CMS also referenced a [CMS-developed fact sheet](#) on the Part Two final guidance as a useful tool for Part

D sponsors to communicate information on the Medicare Prescription Payment Plan with both contracted providers and pharmacies.

**LTC Likely to Benefit Notice should be provided during billing of cost sharing.** CMS stated that in the long-term care pharmacy setting, the requirement for the Part D sponsor to ensure that a hard copy of the “Medicare Prescription Payment Plan Likely to Benefit Notice” is provided to enrollees identified as likely to benefit at the time the prescription is picked up does not apply, given that there is typically no POS encounter. Instead, CMS stated that Part D sponsors should ensure that the notice is provided to the Part D enrollee or their authorized representative at the time of the long-term care’s typical billing of cost sharing to the enrollee.

- **CMS provided clarity, but denied our request for LTC exclusion.** In our comments, we asked CMS for clarity on how the Likely to Benefit notice should be provided in the LTC setting, if at all. The LTC pharmacy will send the Likely to Benefit notice via their normal billing process, which could be via electronic or hard copy via mail.

**Guidance does not apply to Consolidated Billing in Medicare Part A.** CMS stated that this guidance applies to long-term care pharmacies generally, regardless of setting type (e.g., nursing home, assisted living, etc.) or if the pharmacy utilizes retrospective or post-consumption billing (i.e., billing after the drug is dispensed to the facility for an enrollee). However, CMS clarified that the Medicare Prescription Payment Plan only applies to Part D enrollees and covered Part D drugs; medications covered under Medicare Part A as part of a qualifying nursing facility stay are not included in the program.

- **CMS granted NCPA ask.** In our comments, we requested clarification from CMS that the Likely to Benefit Notice does not apply to residents covered by Medicare Part A as their medications are subject to the Consolidated Billing requirement.