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

MEDICARE PLAN PAYMENT GROUP

DATE: October 31, 2025

TO: All Part D Sponsors

FROM: Jennifer R. Shapiro, Director, Medicare Plan Payment Group

SUBJECT: January 2026 Updates to the Drug Data Processing System (DDPS)

The Centers for Medicare & Medicaid Services (CMS) is announcing upcoming changes to the
Drug Data Processing System (DDPS), effective January 1, 2026. These changes support
continued implementation of the Inflation Reduction Act of 2022 (IRA) (P.L. 117-169),
specifically the addition of Selected Drug Subsidy [1] reporting requirements in Prescription Drug
Event (PDE) records beginning in contract year (CY) 2026. [2] Additionally, other changes are
being made in support of new valid values for existing PDE fields as introduced in a prior Health
Plan Management System (HPMS) memorandum. [3]

CMS is posting an updated DDPS Edit Spreadsheet reflecting these changes on the Customer
Service Support Center (CSSC) Operations website (available here) concurrent with the release
of this memorandum. The DDPS Edit Lookup tool on the CSSC Operations website will reflect
these changes effective January 1, 2026.

Please submit questions regarding these updates below to PDE-Operations@cms.hhs.gov.

New DDPS Edits Added

The following new edits have been added to the DDPS Edit Spreadsheet effective January 1,
2026.

Edit 846: Prescriber ID is invalid.

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[1] Section 11201(c)(1) of the IRA (amending Title XVIII of Social Security Act by adding, among other things, new
section 1860D–14D) creates a new Selected Drug Subsidy Program under which the government provides a subsidy
(equal to 10 percent of the drug's negotiated price) to Part D sponsors with respect to "selected drugs" dispensed to
beneficiaries that are in the initial phase of the Part D benefit.
[2] See HPMS memorandum, *Prescription Drug Event Record Reporting Instructions for the Implementation of the
Inflation Reduction Act for Contract Year 2026*, April 15, 2025.
Also see HPMS memorandum, *Applicability of the Selected Drug Subsidy for Certain Claims for 2026*, September
30, 2025.
[3] See HPMS memorandum, *2026 Prescription Drug Event (PDE) File Layout Updates*, September 30, 2025.

Edit 846 is a reject edit that fires when the Prescriber ID Qualifier equals '18' and the Prescriber ID field is populated with anything other than a single '0' in the first position.
Please note: Prescriber ID Qualifier value '18' (No Prescriber ID, No Prescription Associated to the transaction) is available for products without a prescription and is limited to PDE submissions for over-the-counter (OTC) drugs only.

Edit 883: Ingredient Cost Paid exceeds the Maximum Fair Price.

Edit 883 is an informational edit that fires on selected drugs when the Ingredient Cost Paid exceeds the published Maximum Fair Price (MFP) per-unit price multiplied by the Quantity Dispensed. PDEs receiving Edit 883 may be subject to additional scrutiny.

Edit 950: Reported Manufacturer Discount must be $0 for selected drugs during the price applicability period.

Edit 950 is a reject edit that fires on selected drugs when the Reported Manufacturer Discount does not equal $0.00.

Edit 951: Selected Drug Subsidy must be $0 when PDE is not in Initial Coverage Phase.

Edit 951 is a reject edit that fires on selected drugs when the Selected Drug Subsidy is greater than $0.00, but no portion of the PDE falls within the Initial Coverage Phase of the Defined Standard benefit.

Edit 952: Selected Drug Subsidy must be $0 for non-selected drugs.

Edit 952 is a reject edit that fires when the Selected Drug Subsidy is greater than $0.00, but the NDC is not a selected drug, or the date of service (DOS) is not within the price applicability period for such drug.

Edit 953: Selected Drug Subsidy must be $0 for MSP and COB PDEs.

Edit 953 is a reject edit that fires when the Selected Drug Subsidy is greater than $0.00 and the PDE reflects either a Medicare Secondary Payer (MSP) or Coordination of Benefits (COB) claim.

Edit 954: Selected Drug Subsidy must be $0 when Service Provider ID Qualifier = '99'.

Edit 954 is a reject edit that fires when the Selected Drug Subsidy is greater than $0.00 and the PDE reflects a manual claim submission with a Service Provider ID Qualifier of '99' (Other).

Edit 955: Selected Drug Subsidy must be $0 for compound drugs.

Edit 955 is a reject edit that fires when the Selected Drug Subsidy is greater than $0.00 and the Compound Code is anything other than '1' (Not a Compound).

Edit 956: Selected Drug Subsidy <> CMS Calculated Selected Drug Subsidy +/- $0.05.

Edit 956 is a reject edit that fires when the Selected Drug Subsidy does not equal the CMS Calculated Selected Drug Subsidy +/- $0.05.

Edit 957: Selected Drug Subsidy > amount estimated by CMS + $0.05.

Edit 957 is a reject edit that fires when the Selected Drug Subsidy is greater than the amount estimated by CMS + $0.05. This edit applies when submitted accumulator amounts do not align with submitted benefit phase values and the Selected Drug Subsidy amount exceeds the maximum potential subsidy amount allowed for this PDE.

Edit 958: Selected Drug Subsidy <= amount estimated by CMS.

Edit 958 is an informational edit that fires when the Selected Drug Subsidy is less than or equal to the amount estimated by CMS. This edit applies when submitted accumulator amounts do not align with submitted benefit phase values and the Selected Drug Subsidy amount does not exceed the maximum potential subsidy amount allowed for this PDE. PDEs receiving Edit 958 may be subject to additional scrutiny.

Edit 980: Selected Drug Subsidy must be $0 for non-covered drugs.

Edit 980 is a reject edit that fires when the Selected Drug Subsidy is greater than $0.00, but the NDC is not reported as a Part D covered drug (Drug Coverage Status Code = 'E' or 'O').

Existing DDPS Edits Modified

The following edit modifications have been made to the DDPS Edit Spreadsheet effective January 1, 2026.

Edit 619: DAW Product Selection Code is missing or invalid.

Edit 619 is a reject edit that fires when the Dispense as Written (DAW) Product Selection Code is missing or invalid. Effective January 1, 2026, this edit has been modified to account for the new valid value of 'A' (Multi-payer Brand/Reference Product Formulary Conflict). PDEs that have been previously rejected with Edit 619 falling under this scenario may be resubmitted on or after January 1, 2026.

Edit 623: Prescriber ID Qualifier is invalid.

Edit 623 is a reject edit that fires when the Prescriber ID Qualifier is invalid. Effective January 1, 2026, this edit has been modified to account for the new valid value of '18' (No Prescriber ID, No Prescription Associated to the transaction) for OTC drugs. PDEs that have been previously rejected with Edit 623 falling under this scenario may be resubmitted on or after January 1, 2026.

Edit 648: Prescription Origin Code is invalid.

Edit 648 is a reject edit that fires when the Prescription Origin Code is invalid. Effective January 1, 2026, this edit has been modified to account for the new valid value of '6' (No Associated Prescription) for OTC drugs. PDEs that have been previously rejected with Edit 648 falling under this scenario may be resubmitted on or after January 1, 2026.

Edit 649: Prescription Origin Code is invalid for an original fill.

Edit 649 is a reject edit that fires when the Prescription Origin Code is invalid, specifically on standard format PDEs for original fills. Effective January 1, 2026, this edit will be bypassed when the Prescription Origin Code equals '6'. PDEs that have been previously rejected with Edit 649 falling under this scenario may be resubmitted on or after January 1, 2026.

Edit 689: All payments must be populated in CPP on PDEs submitted for Medicaid subrogation claims.

Edit 689 is a reject edit that fires when PDEs for Medicaid subrogation claims report amounts not equal to $0.00 in payment fields other than Covered D Plan Paid Amount (CPP). Effective January 1, 2026, this edit will be modified to account for the Selected Drug Subsidy payment field.

Edit 690: Sum of cost fields > sum of payment fields + $0.05.

Edit 690 is a reject edit that fires when the sum of cost fields is greater than the sum of payment fields + $0.05. Effective January 1, 2026, this edit will be modified to account for the Selected Drug Subsidy payment field.

Edit 692: Sum of cost fields < sum of payment fields - $0.05.

Edit 692 is a reject edit that fires when the sum of cost fields is less than the sum of payment fields - $0.05. Effective January 1, 2026, this edit will be modified to account for the Selected Drug Subsidy payment field.

Edit 833: Prescriber ID not found on NPI database.

Edit 833 is a reject edit that fires when the Prescriber ID is not a valid Type 1 NPI. Effective January 1, 2026, this edit will be bypassed when the Prescriber ID Qualifier equals '18'. PDEs that have been previously rejected with Edit 833 falling under this scenario may be resubmitted on or after January 1, 2026.

Edit 904: (Renamed) Patient Pay Amount exceeds the statutorily defined maximum for covered insulin products.

Edit 904 is an informational edit that fires when the Patient Pay Amount exceeds $35.00 per month supply for covered insulin products. Effective January 1, 2026, for PDEs with a DOS

greater than or equal to January 1, 2026, this edit has been modified to ensure cost-sharing does not exceed the lesser of $35.00 per month supply or 25% coinsurance. Subsequently, Edit 904 has been renamed from "Patient Pay Amount must be <= $35 per month supply for covered insulin products" to "Patient Pay Amount exceeds the statutorily defined maximum for covered insulin products."