



MEDICARE PLAN PAYMENT GROUP

DATE: March 30, 2009

TO: All Medicare Advantage Organizations, Prescription Drug Plans, Cost Plans, PACE Organizations and Demonstrations

FROM: Thomas Hutchinson /s/
Director

SUBJECT: Medicare Advantage Prescription Drug System (MARx) April 2009 Payment – INFORMATION

This letter provides information related to the April 2009 payment scheduled for April 1, 2009.

Quarterly Medicaid Update

The quarterly update of default risk adjustment factors for Medicaid status was included in the April payment. Transaction reply codes of 77 and transaction type codes of 30 will be displayed on the Transaction Reply Report (TRR) and adjustment reason codes of 10 will be present on the Monthly Membership Report (MMR).

Cost Plan Rate Changes Corrected

Some cost plans were scheduled to receive updates to their payment rates effective for January and February 2009 in the February payment. The new rates were used for payment of the newly enrolled members, while the existing members continued to be paid at the old rate. This error has been corrected and the resulting payment adjustments are contained in the April 2009 payment.

Resolve Over/Under Payments to Cost-Based Plans

A cleanup was processed that resolves over and underpayments made for members of cost-based plans in 2006. It involved approximately 42,000 beneficiaries with a net payment of about \$6.4 Million being paid out to the impacted plans. Resulting adjustments will appear on the MMRs under adjustment reason code 02 (for positive payments) and 03 (for negative payments).

Risk Adjustment Payment Cleanups

An error was corrected in the MARx system that had caused erroneous payments during 2007 – 2009. As a result of the correction, adjustments will appear on the MMRs under adjustment reason codes 18 and 36. Another cleanup was conducted to correct the improper use of default risk adjustment factors for payments made during 2006 – 2007. Resulting adjustments will appear on your MMRs under adjustment reason codes 25 and 37. The total number of beneficiaries involved in these adjustments is about 194,000 with a net payment of about \$3.2 Million being paid to the impacted plans.

If you have any questions about the information in this letter please feel free to contact your DPO representative per the attached list. Thank you.

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