

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Drug and Health Plan Choice  
7500 Security Boulevard, Mail Stop S2-22-25  
Baltimore, Maryland 21244-1850



**MEDICARE PLAN PAYMENT GROUP**

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**DATE:** June 30, 2010

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

**FROM:** Cheri Rice /s/  
Acting Director, Medicare Plan Payment Group

**SUBJECT:** Medicare Advantage Prescription Drug System (MARx) July 2010 Payment –  
INFORMATION

This letter provides information regarding the July 2010 payment scheduled for receipt on July 1, 2010.

**2010 Mid-Year Risk Adjustment Update**

The 2010 mid-year risk adjustment factor update was processed and is included in the July payment. The adjustments are included on the Monthly Membership Reports (MMRs) under Adjustment Reason Codes (ARCs) 26 and 41.

**Medicare Secondary Payer (MSP) Adjustments**

Effective with the June payment, ARC 42 represents MSP adjustments for aged, disabled **and** ESRD members. The error that occurred in the June payment where only rebates, if applicable, were paid for some members has been corrected with the July payment.

The processing of the mid-year risk factor update along with the retroactive MSP adjustments from January to June caused an error where the basic Part C premium shown on the MMR was incorrectly included in the reduction calculation. This error only affects plans with Part C bids over the benchmark and will be corrected in the August payment.

**Hospice Cleanup**

A cleanup to apply the hospice rate for members in that status on the first of the month was processed in the July payment. The adjustments are included on the MMRs under ARC 07.

**Duplicate Adjustments**

A cleanup to reverse duplicate adjustments resulting from prior cleanups was conducted in the July payment. The result of the cleanup was a net payment of \$760,000 to the plans. The associated adjustments are on the MMRs under ARC 02 when a negative adjustment was reversed and ARC 03 when a positive adjustment was reversed.

Please contact the appropriate Division of Payment Operations (DPO) representative (listing attached) with questions about information in this letter or assistance with other payment or premium related issues. Thank you.

DIVISION OF PAYMENT OPERATIONS (DPO)  
REGIONAL ASSIGNMENTS – June 2010

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