

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



## **MEDICARE PLAN PAYMENT GROUP**

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**DATE:** July 26, 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) August 2010 Payment – INFORMATION**

This letter provides information regarding the August 2010 payment scheduled for receipt on July 30, 2010.

**Final 2009 Risk Adjustment Factor Update** – The final 2009 update of Part C and D risk adjustment factors were processed in the August payment. The payment adjustments are indicated by adjustment reason codes (ARCs) 25 and 37 on the Monthly Membership Report (MMR).

### **Rerun of 2006/2007/2008 Risk Adjustment Reconciliations**

CMS has successfully performed the CMS-HCC model risk adjustment rerun for payment years 2006, 2007, and 2008. Affected plans should see the adjustments reflected in their August 2010 payment. All plans with deleted diagnoses submitted after the deadline for the appropriate dates of service 2005, 2006, and 2007 would see an impact to their 2006, 2007, or 2008 payments. Please also note that contracts selected for the 2007 payment year pilot or targeted risk adjustment data validation (RADV) were excluded from the rerun. For questions or concerns please email [analyst@askriskadjustment.com](mailto:analyst@askriskadjustment.com).

### **Medicare Secondary Payer (MSP) Adjustments**

The processing of the mid-year risk factor update in your July payment 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 is corrected in the August payment and only affected plans with Part C bids over the benchmark.

### **2008 Premium Sweep**

A cleanup was run to identify and pay 2008 Part C and D premiums that were being held at CMS due to data discrepancies related to information received from SSA. The process reviewed each month in 2008 to identify impacted beneficiaries where correct premium amounts had been

received from SSA but not paid to the plans. These amounts are included in this month's payment.

Please contact the appropriate Division of Payment Operations (DPO) representative (listing attached, revised June 2010) 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

Boston	Louise Matthews (410) 786-6903 <a href="mailto:Louise.Matthews@cms.hhs.gov">Louise.Matthews@cms.hhs.gov</a>
New York and PACE Plans	William Bucksten (410) 786-7477 <a href="mailto:William.Bucksten@cms.hhs.gov">William.Bucksten@cms.hhs.gov</a>
Philadelphia:	James Krall (410) 786-6999 <a href="mailto:James.Krall@cms.hhs.gov">James.Krall@cms.hhs.gov</a>
Atlanta:	Louise Matthews (410) 786-6903 <a href="mailto:Louise.Matthews@cms.hhs.gov">Louise.Matthews@cms.hhs.gov</a>
Chicago:	Janice Bailey (410) 786-7603 <a href="mailto:Janice.Bailey@cms.hhs.gov">Janice.Bailey@cms.hhs.gov</a>
Dallas:	Mary Stojak (410) 786-6939 <a href="mailto:Mary.Stojak@cms.hhs.gov">Mary.Stojak@cms.hhs.gov</a>
Kansas City And Denver:	Terry Williams (410) 786-0705 <a href="mailto:Terry.Williams@cms.hhs.gov">Terry.Williams@cms.hhs.gov</a>
San Francisco And Seattle:	Kim Miegel (410) 786-3311 <a href="mailto:Kim.Miegel@cms.hhs.gov">Kim.Miegel@cms.hhs.gov</a>
Demos	Mary Stojak (410) 786-6939 <a href="mailto:Mary.Stojak@cms.hhs.gov">Mary.Stojak@cms.hhs.gov</a>
DPO Director	Marla Kilbourne (410) 786-7622 <a href="mailto:Marla.Kilbourne@cms.hhs.gov">Marla.Kilbourne@cms.hhs.gov</a>