

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Beneficiary Choices  
7500 Security Boulevard, Mail Stop C4-23-07  
Baltimore, Maryland 21244-1850



**MEDICARE PLAN ACCOUNTABILITY GROUP**

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**DATE:** January 27, 2005

**TO:** Medicare Advantage Organizations  
Medicare Advantage Demonstrations

**FROM:** Cynthia E. Moreno /s/  
Acting Director

**SUBJECT:** February 1, 2005 Payment Issues

February 2005 is the first month the Medicare Managed Care System (MMCS) will be the system of record. The Centers for Medicare & Medicaid Services has identified several irregularities which may have affected your members or your total net payment. These irregularities will be corrected in the system and adjusted in your March 1, 2005 payment. In the interim, the February payment has been adjusted for some organizations whose payments were out of line with the expected payment for their membership. If a manual adjustment was made, it will be recorded on your Plan Payment Letter. The issues affecting payment are presented below and **do not** require any action on your part at this time. MMCS will be conducting a clean up of these inaccuracies in time for the March prospective payment and making the appropriate payment adjustments. However, some retroactive adjustments may not occur until the April 2005 payment.

**January Transactions not Processed by MMCS**

Approximately 300,000 transactions that were processed in the Group Health Plan (GHP) in the January 2005 payment were not processed in the January 2005 transition to MMCS. As a result, these beneficiaries may not be accounted for in your February membership. These adjustments will be processed by MMCS and correctly shown in your plan prior to the next payment run. Please verify your membership on the March reports, where these corrections should be shown.

**Nursing Home Certifiable**

There were a total of 64 plans with incorrect nursing home certifiable (NHC) indicators on their current or adjusted membership. Additionally, some Medicare Advantage plans received prior month adjustments for NHC. These will be corrected in the March payment and appropriate adjustments will be made.

February 1, 2005 Payment Issues  
January 27, 2005

**ESRD:**

MMCS did not correctly calculate the ESRD payment (mostly affecting the post graft beneficiaries) using the revised 2005 payment methodology. The ESRD payments will be corrected at the beneficiary level by MMCS in the March 1 payment. Retroactive adjustments may not be made until the April payment.

**Retroactive Medicaid Status**

MMCS did not correctly collect funds associated with prior month Medicaid-Off transactions. This will be corrected in the March 1 payment, at which time MMCS will make the appropriate payment adjustment.

**Medicaid Status of Beneficiaries**

Plan submitted Medicaid status may be turned off erroneously. This error involves the interface with the enrollment history and may take additional time to correct. However, new Medicaid-On transactions being submitted should process correctly at this time.

**Cost Plan Enrollment Adjustments**

Enrollment adjustments are reflected on your Plan Payment Letter as positive amounts in all cases rather than negative amounts when appropriate. These will be corrected in the March payment.

**Plan Payment Report – Monthly Membership Summary Report Differences**

The Monthly Membership Summary Report from MMCS properly reflects both Part A and Part B adjustments related to Correction of Part A or Part B entitlement.

The Monthly Membership Summary Report adjustment lines do not include the effect of the BIPA 606 benefit but the Plan Payment Report does include the effect of the BIPA 606 benefit in each of the adjustment type totals. These errors will be corrected in the March reports.

We apologize for the inconvenience and thank you for your continued patience while we resolve these systems transition issues. If you have any questions or concerns please feel free to contact the Health Insurance Specialist assigned to your region. For your convenience a list of representatives, by region, is attached.

Attachment

cc: Ms. Patricia Smith, CMS  
RO HMO Coordinators