

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Beneficiary Choices
7500 Security Boulevard, Mail Stop S3-16-16
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MEDICARE PLAN PAYMENT GROUP

DATE: July 9, 2007

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) July Payment – INFORMATION

This letter provides information related to your July 2007 payment which you received on June 29, 2007.

2007 Mid-Year Risk Adjustment Factor Update

The update to Part C and D payments for the 2007 mid-year risk adjustment is included in your July payment. This update affects your prospective payments and is retrospective to January 2007. In addition will find a revised Model Output Report reflecting diagnostic data for calendar year 2006 submitted through March 3rd, 2007.

2004 and 2005 Final Model Output Report

Plans will find their 2004 and 2005 final risk adjustment Model Output Reports included with their July reports. Information on the Model Output Report (and data file) naming conventions and locations can be found at the Customer Service and Support Center Web Site www.cssoperations.com or by contacting the MMA Helpdesk.

Retroactive Requests

DPO is accepting requests to process batch retro files. If appropriate, they will be sent through the streamlined review process. If approved, plans can submit the files and they will be held until we are able to release them for processing by MARx. Please note that we will only consider requests for processing with effective dates in 2007.

In all cases, plans are to follow the previously released guidance for requesting approval to submit batch retro files through their DPO representative. See the attached listing for contact information.

Recoupment of Interim Payments Made Due to MARx Enrollment Processing Issues

During 2006, interim payments were made to some plans to account for financial issues experienced due to errors in MARx processing of enrollments. The current enrollment

reconciliation being conducted for 2006 should resolve any remaining enrollment issues. The payment adjustments resulting from the reconciliation will be reflected in your July 1 payment. Some additional processing remains to be completed; however, so the interim payments made to you for 2006 issues will not be recouped until your August payment.

Medicare Secondary Payer (MSP) Survey Process for 2008 Payments

Instructions for the MSP survey process to be conducted this year, using the membership from your March 2007 MMR, were contained in the recently released 2008 Call Letter. This letter can be accessed via <http://www.cms.hhs.gov/PrescriptionDrugCovContra/>.

Additional guidance will be released within the next 2-3 weeks.

Revisions to the Plan Payment Report (PPR)

We have enhanced the PPR to break out the A/B payment components into separate Part A and Part B components. In addition, a Net Payment amount is being added for each line on the report. This format will be pushed to plans beginning with your August payment. The revised version is attached for your review.

A data file version of this formatted report is currently in development. This will allow us to more easily add data in the future and will also facilitate plan processing and reconciliation of your payment data. A record layout will be provided in a future communication. It is expected that the new data file will be pushed to plans in early 2008. The formatted report will continue to be provided as well.

If you have any questions or issues with other items in this letter, please feel free to contact your Division of Payment Operations representative per the attached list.

Attachment

cc: Mr. Mark Loper, CMS
Ms. Marla Kilbourne, CMS
Mr. David Lewis, CMS
Ms. Cynthia Tudor, CMS
Ms. Julie Boughn, CMS
DPO

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