

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicare
7500 Security Boulevard, Mail Stop C1-13-07
Baltimore, Maryland 21244-1850



MEDICARE PLAN PAYMENT GROUP

DATE: July 26, 2011

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

FROM: Cheri Rice /s/
Director

**SUBJECT: Medicare Advantage Prescription Drug System (MARx) August 2011
Payment – INFORMATION**

This letter provides information regarding the August payment, scheduled for receipt on August 1, 2011, and other payment related items that may require plan action.

Final 2010 Risk Adjustment Reconciliation

The August payment includes the final reconciliation of the 2010 Part C and D risk adjustment factors. The adjustments are reported as Adjustment Reason Codes (ARC) 25 (Part C Risk Adjustment Factor Change) and 37 (Part D Risk Adjustment Factor Change) on the Monthly Membership Report (MMR).

UPDATE on ESRD and Adjustment Reason Code 22

CMS has identified an issue related to MA and Cost Plan enrollees with ESRD periods. MARx has processed automatic disenrollment and/or enrollment cancellation actions upon receipt of a large number of ESRD period information notifications from the ESRD source systems. Some of these disenrollment actions may be incorrect.

CMS directs MA and Cost Plan organizations to disregard all automatic disenrollment actions and/or enrollment cancellations due to ESRD status received on your Transaction Reply Reports (TRR) from 5/2/2011 to 7/22/2011. Please ensure such beneficiaries are reinstated in Plan systems. CMS has taken action to prevent additional disenrollment activity while research is continuing, and is developing options to quickly restore the affected enrollments in MARx. Restoration of enrollment will generate the appropriate payment adjustment.

Missing Coverage Gap Discount (CGD) Payments

MARx was not including the CGD amount in the Part D payment for some beneficiaries for whom the plan should have been paid a CGD amount. The error was corrected and a cleanup was processed in the July payment to refund plans. However there were some beneficiaries

missed in that cleanup. They were reprocessed and the CGD adjustments are included in the August payment. The affected Plans will see the adjustments reported with ARCs 18 (Part C Rate Change) and 36 (Part D Rate Change) on the MMR.

Mid-Year Risk Adjustment Factor Update

The mid-year factor update was processed in the July payment. Some beneficiaries were missed in that update but have been adjusted and are included in the August payment. The affected Plans will see the adjustments reported with ARCs 26 (Part C Risk Adj. Mid-Year Factor Change) and 41 (Part D Risk Adj. Mid-Year Factor Change) 41 on the MMR.

Plan Payment Report - Printed Format

The printed report format versions of the Plan Payment Report (PLANPAY) for August 2011 that were pushed to the plans on 7/22/2011 contain July's data. This error is being corrected and the August versions of the PPR will be pushed to the plans today, July 26, 2011. Please note that the data file versions of the Plan Payment Report (PPRD) are for the correct month of August 2011.

Please contact the appropriate DPO Representative (list attached) with questions about information in this letter or assistance with other payment or premium related issues. Thank you.

cc: DPO Representatives
Director, DPO
MAPD Customer Support

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