

DEPARTMENT OF HEALTH & HUMAN  
SERVICES  
Centers for Medicare & Medicaid Services  
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## CENTER FOR MEDICARE

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**DATE:** October 30, 2024

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

**FROM:** Jennifer R. Shapiro, Director, Medicare Plan Payment Group

**SUBJECT:** Medicare Advantage/Prescription Drug System (MARx) November 2024 Payment – INFORMATION

This letter provides early information about the November 2024 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on November 1, 2024, and other payment related items that may require plan action.

### **Incorrect Risk Factors during the 2024 Mid-Year Risk Adjustment Reconciliation**

As published in the October 15, 2024 letter titled “Medicare Advantage/Prescription Drug System (MARx November 2024 Payment – PRELIMINARY INFORMATION,” CMS identified a MARx software issue concerning 2024 payments that were calculated for long term institutional (LTI) beneficiaries using a community risk factor. This issue began with the 2024 mid-year risk adjustment reconciliation and resulted in payments reflecting the incorrect risk factor for July through October 2024, and retroactive adjustments for January through July 2024. The payment adjustments appeared on the July 2024 MMR with Adjustment Reason Codes (ARC) 26 (Mid-year Part C Risk Adjustment Factor Change) and 41 (Part D Risk Adjustment Factor Change (ongoing)).

The software has been corrected, and a data cleanup was processed to produce retroactive payment adjustments from January through October 2024 and correct monthly payments going forward. The payment adjustments will appear on the November 2024 MMR with ARC 94 (Special Payment Adjustment Due to Cleanup) and Cleanup ID CS1907541.

For beneficiaries who have an LTI status, Part C community factors tend to be higher than the beneficiaries’ respective LTI factors and, as a result, on average, CMS incorrectly overpaid Part C amounts to affected organizations for the months of January through October 2024. With the adjustment in the November payment, those Part C overpayments are being reversed. For Part D, community factors for beneficiaries who have an LTI status tend to be lower than the beneficiaries’ respective LTI factors and, as a result, on average, CMS incorrectly

underpaid Part D amounts; those underpayments will also be corrected in the November payment.

In general, because the Part C overpayments were larger than the Part D underpayments, application of the LTI factors will result in lower payments overall, and the offset will be applied to the Medicare Advantage Organization's (MAO's) November payment. PDP sponsors are expected to, on average, receive higher payment. For some MAOs, the outcome of the data cleanup will result in a payment recoupment that is greater than their normal monthly payment amount, in which case the MAO will not receive a payment until the entire payment adjustment amount is recouped.

### **2023 Final Part D Payment Reconciliation Payment Adjustment**

As previously announced, the Centers for Medicare & Medicaid Services (CMS) completed calculations for the 2023 Final Part D payment reconciliation in September.<sup>1</sup> As stated in that memorandum, CMS originally targeted payment adjustments to remit and recover the calculated reconciliation amounts for inclusion in the November 2024 payment. Due to unforeseen circumstances, payment adjustments will now be included in the December 2024 payment.

### **Conversion of MARx to Amazon Web Services (AWS)**

In July 2023 the MARx system successfully cut over from its mainframe-based architecture and currently is processing enrollment, premium, and payment information in a newly designed AWS cloud-based environment. Although the conversion was a success, we are aware of discrepancies that are affecting payment or reporting. This includes, for example, instances where MARx calculated payment using incorrect Part C and Part D risk scores. CMS is actively working to address these issues in future software fixes and data cleanups, prioritizing based on the nature of the cleanup and the impact and will communicate with plans as we work through the cleanups. If you have already submitted a trouble ticket, no further action is required by the plan. If you have been informed by the help desk that your ticket has been consolidated under a "master ticket," that means we are aware of an issue or concern affecting multiple organizations. Knowing how many organizations are reporting the same problem under the master ticket allows us to assess the scale of the problem and helps us prioritize the fix to the issue. Questions regarding the MARx system can be sent to [mapdhelp@cms.hhs.gov](mailto:mapdhelp@cms.hhs.gov).

### **Sequestration Suspension**

While the suspension of sequestration has ended, as required by the statute, we continue to apply the suspension of sequestration for retroactive payment adjustments made for the months of May 2020 through March 2022 and will sequester 1 percent of retroactive payment adjustments made for the months of April 2022 through June 2022 and 2 percent of payments and adjustments for months beginning with July 2022.

If you have any questions or concerns about any of the information within this letter, or wish to inquire about the adjustment going into the November payment for your plans, please contact

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<sup>1</sup> See HPMS memorandum dated September 27, 2024 titled *Completion of the 2023 Final Part D Payment Reconciliation and the 2023 Inflation Reduction Act Subsidy Amount (IRASA) Reconciliation*.

the MAPD Help Desk at [mapdhelp@cms.hhs.gov](mailto:mapdhelp@cms.hhs.gov), or 1-800-927-8069.