

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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Medicare Plan Payment Group
Enterprise Systems Solutions Group

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TO: All Medicare Advantage, Prescription Drug Plan, Cost, PACE, and Demonstration Organizations Systems Staff

FROM: Cheri Rice /s/
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SUBJECT: Advance Announcement of the November 2016 Software Release

The Centers for Medicare and Medicaid Services (CMS) continues to implement software improvements to the enrollment and payment systems that support Medicare Advantage and Prescription Drug (MAPD) programs. This letter provides advanced information regarding the planned release of systems changes scheduled for November 2016. This release focuses on improving the efficiency of CMS systems as well as Plan processing.

The November 2016 Release changes will include the following:

1. [New Fields on the Beneficiary Eligibility Query \(BEQ\)](#)
2. [Transaction Reply Codes \(TRCs\) for New Enrollment vs. Plan Benefit Package \(PBP\) Change](#)
3. [Changes to Encounter Data Diagnosis Eligible for Risk Adjustment \(MAO-004\) Report](#)
4. [New Part C Risk Adjustment Model \(v22\) beginning Payment Year 2017](#)

1. New Fields on the Beneficiary Eligibility Query (BEQ)

The BEQ allows a Medicare Plan to send an inquiry file to CMS to obtain information about a beneficiary. The BEQ application then validates the incoming file and sends an email to the Plan indicating acceptance or rejection of the file. If the file is accepted, a response file is sent back to the Plan with the beneficiary's Medicare entitlement/eligibility and enrollment information. This information is used by the Plan to help with determining if the beneficiary is qualified to be enrolled in their Plan.

CMS is adding new data elements to the BEQ that pertain to Part C and Part D enrollments so that this file provides the same information as the MARx UI's M323 Eligibility screen. These additional items of information will help the Plans administer internal processes including reconciliations. These new data elements will require CMS to increase the length of the BEQ from 1500 to 2000 positions.

2. Transaction Reply Codes (TRCs) for New Enrollment vs. Plan Benefit Package (PBP) Change

This MARx enhancement will revise the TRCs that MARx sends in response to enrollment transactions. Under current processing rules, Plans are concerned that many enrollments that should be considered PBP Changes are instead receiving TRCs meant for new enrollments, resulting in improper communication with beneficiaries. The enhancement will further define the difference between new enrollments and PBP Changes within a contract. New enrollments will receive TRC 011 "Enrollment Accepted as Submitted" and Plan changes will receive TRC 100 "PBP Change Accepted as Submitted."

3. Changes to Encounter Data Diagnosis Eligible for Risk Adjustment (MAO-004) Report

CMS will make changes to the Encounter Data Diagnosis Eligible for Risk Adjustment Report (MAO-004). In the header level portion of the report, the Submission Interchange Number field (Header #11) will be changed to filler. CMS will explore adding this number at a later date, but will not be including this number at this point. In the detail level part of the report, the Replacement Encounter Switch field (Detail #11) will be renamed "Encounter Type Switch," to support the reporting of other encounter data record types – non-chart review encounters, voids, replacements and chart review encounters. A new field will be added to the report for an "Add"/"Delete" flag to account for diagnoses additions and deletions. Revised MAO-004 reports will be sent to Plans in the fall.

4. New Part C Risk Adjustment Model (v22) beginning Payment Year 2017

CMS will use the revised 2017 CMS-HCC Risk Adjustment Model beginning with January 2017 payment. To improve the predictive ability of the model for dual eligible beneficiaries, CMS revised the CMS-HCC model to include six community segments. The six community segments are:

1. Non-dual aged.
2. Non-dual disabled.
3. Full benefit dual aged.
4. Full benefit dual disabled.
5. Partial benefit dual aged.
6. Partial benefit dual disabled.

Furthermore, the risk model will take into account the Medicaid status of the beneficiary in the payment year, not the data collection year. MARx will use updated Risk Adjuster Factor (RAF) codes to indicate dual status used in payment for a month and will utilize a lagged “anchor month” to identify dual status for prospective payments.

- CF: Community Full benefit dual.
- CP: Community Partial benefit dual.
- CN: Community Non-dual.

Updates to the Model Output Report (MOR) and Monthly Membership Data file will be made. Additionally, a new Transaction Reply Code (TRC) will be issued when the Mid-year or Final Reconciliation identifies that the Medicaid status for a non-ESRD, non-PACE, full-risk community beneficiary has changed. For further information, please see the HPMS memo distributed on June 10th, 2016 entitled “2017 CMS-HCC Risk Adjustment Model Implementation.”

Plans are encouraged to contact the MAPD Help Desk for any issues encountered during the systems update process. Please direct any questions or concerns to the MAPD Help Desk at 1-800-927-8069 or e-mail at mapdhelp@cms.hhs.gov.