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

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

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SUBJECT: Advance Announcement of November 2010 Software Release

The Centers for Medicare and Medicaid Services (CMS) is continuing to implement software improvements to the enrollment and payment systems that support the Medicare Advantage and Prescription Drug (MAPD) programs. This letter provides advanced information regarding the planned release of systems changes scheduled for November 2010. This release will focus on improving the efficiency of our systems with improvements that will also affect plan processing. The changes for this release are listed below and may require plan action.

CMS intends to provide the detailed information that Plans will require for implementation in early August 2010.

Report ESRD beneficiary dialysis and kidney transplant information to Part D plans

Medicare Part B covers certain prescription drugs used in immunosuppressive therapy for ESRD beneficiaries following a Medicare-covered kidney transplant. Since these drugs are not covered under Part D for these beneficiaries, claims for these drugs should be denied by the Part D plan. To permit the Part D sponsor to determine whether an immunosuppressive drug should be paid by Part B or Part D, CMS will provide an ESRD kidney transplant indicator with the transplant date for transplants performed while the beneficiary was Medicare eligible. Also, as required by section 153(b) of the Medicare Improvements for Patients and Providers Act (MIPPA), effective January 1, 2011, CMS will implement a Part B bundled prospective payment for services provided by an ESRD dialysis facility that will include drugs for ESRD treatment that would otherwise be reimbursed under Part D. To permit Part D sponsors to edit for and appropriately reject claims for ESRD treatment-related drugs included in the bundled dialysis facility payment, CMS will provide an ESRD dialysis indicator with associated start and end dates to the Part D sponsor on the enrollment transaction reply report (TRR) and as necessary thereafter to report updated information. ESRD beneficiary dialysis and kidney transplant information will also be available to sponsors on the UI.

Coverage Gap Discount Amounts

Coverage Gap Discount (CGD) is a new Part D payment component taking effect with January 2011 plan payments. Calculation of Part D payments for each non-LIS enrollee in a Part D plan will include the new payment component. A per member monthly CGD rate will be developed in conjunction with the Part D bid.

This CR implements changes to the prospective payment based upon the plan's CGD rate. Annual reconciliation of CGD amounts is outside the scope of this CR. CMS will include the CGD amount in each non-LIS enrollee's Part D monthly prospective payment. CGD prospective payments will also be adjusted for changes in enrollment and LIS statuses.

Prospective CGD payments will be included in summaries of the Total Part D Payment in the Monthly Membership Report (MMR) set. The MMR will also include a separate payment bucket for the CGD payment component, both at the detail and summary level versions of the MMR. The MARx UI screen M215 - Payment/Adjustment Detail will be expanded to display the CGD payment component.

The CMS Plan Payment Report (aka "plan payment letter") will be expanded to include plan level summaries of the CGD prospective payments. The plan payment letter will also include detail of CGD offsets taken from quarterly manufacturer invoices.

Notification to Plans for "No Premium Due" Status

MA enrollees who elect optional supplemental benefits may also elect SSA premium withholding. In mid-November the MARx system begins preparing the premium records for the next year. Since MARx cannot anticipate what optional premiums an enrollee may elect for next year, an enrollee only paying optional premiums may go from "SSA Premium Withholding" status in one year to "No Premium Due" status for the next year. Currently plans receive no notification when this happens.

This CR will notify MA plans via a new report (in "TRR format") identifying enrollees in a "No Premium Due" status for the next year. Plans should review the report and submit both a Miscellaneous Record Update (Transaction Code 74) to update the Part C premium Amount, and a Premium Withhold Option Update (Transaction Code 75) to request SSA Withholding Status, for enrollees who are renewing both elections for the next year.

Provide Dual Status Code on the MMR

The MMR will include a new field (Medicaid dual status code) that will provide the dual status code of the enrollee, if that enrollee has Medicaid status. The new field will be aligned with the already-existing Field 40 (Current Medicaid Status). If Field 40 indicates that the enrollee has Medicaid status, Field 85 will provide the dual status code for that enrollee. Field 40 indicates that an enrollee is Medicaid when that enrollee has a Medicaid period reported to CMS for either the month prior to payment or two months prior to payment. Please note that Field 40 and, thus the new field, are *not related to payment*, but are provided for purposes of benefits coordination and bidding.

The new field will be coded as follows:

The valid values when Field 40 = 1 are:

01 = Eligible is entitled to Medicare- QMB only
02 = Eligible is entitled to Medicare- QMB AND Medicaid coverage
03 = Eligible is entitled to Medicare- SLMB only
04 = Eligible is entitled to Medicare- SLMB AND Medicaid coverage
05 = Eligible is entitled to Medicare- QDWI
06 = Eligible is entitled to Medicare- Qualifying individuals
08 = Eligible is entitled to Medicare- Other Dual Eligibles (Non QMB, SLMB,QDWI or QI) with Medicaid coverage
09 = Eligible is entitled to Medicare – Other Dual Eligibles but without Medicaid coverage
99=Unknown

The valid value when Field 40 = 0 is:

00 = No Medicaid Status

The valid value when Field 40 is blank is: Blank

New Field on MMR – Part D Risk Adjustment Factor Type

This field will be the Part D risk factor type that is used for the calculation of the Part D Direct Subsidy. The Part D risk factor is reported in field #67 on the Monthly Membership Report. The new field will be called "Part D RA Factor Type" and is in positions 446 and 447 of the MMR. The field values, and their descriptions, are below.

Field Value	Description
D1	Community Non-Low Income Continuing Enrollee
D2	Community Low Income Continuing Enrollee
D3	Institutional Continuing Enrollee
D4	New Enrollee Community Non-Low Income Non-ESRD
D5	New Enrollee Community Non-Low Income ESRD
D6	New Enrollee Community Low Income Non-ESRD
D7	New Enrollee Community Low Income ESRD
D8	New Enrollee Institutional Non-ESRD
D9	New Enrollee Institutional ESRD

Remove Third Party Medicaid periods from M236

The Medicaid screen in the MARx UI will no longer show Medicaid from the Third Party file with dates after 2007. Risk adjustment does not use Third Party Medicaid dates after 2007.

Retaining Existing NUNCMO Value

Currently, if a transaction is submitted with a Number of Uncovered Months value that exceeds the maximum possible value, MARx returns a TRC 216 (Uncovered months exceeds maximum possible value) and records zero uncovered months as the default. Under certain conditions, this "default" action has unintentionally changed an existing uncovered months value from a number greater than zero to a value of zero. This system modification will reject the submission when the submitted uncovered month's value exceeds the maximum possible value. Therefore, the existing number of uncovered months will be retained and MARx will not record a default value of zero uncovered months. The Transaction Reply Code Type for TRC 216 will change from "informational" to "rejected." Plans should review these rejections, correct the erroneous information, and resubmit within the processing month.

MARx Updated Disenrollment Codes

When submitting disenrollment transactions plans are required to include a disenrollment reason code. Currently, MARx displays a number of obsolete disenrollment reason codes. This system modification will retire the obsolete disenrollment codes and only display the valid reason codes plans should use for submission. This change will align the MARx system with the instructions provided in the CMS guidance. There are no changes to the existing valid disenrollment reason code values. Please refer to the Plan Communications User Guide (PCUG) and the CMS enrollment guidance for additional information on processing disenrollments.

Healthcare Reform Legislation Changes to Enrollment Election Periods

The Patient Protection and Affordable Care Act (P.L. 111-148), as amended by The Health Care and Education Reconciliation Act of 2010 (P.L. 111-152) eliminates both the Medicare Advantage (MA) Open Enrollment Period (OEP) and Open Enrollment Period for Newly Eligible Beneficiaries (OEP-NEW) as of the end of CY 2010. The law also adds a new election period, the MA Disenrollment Period (MADP) which is a 45-day period every year that permits MA enrollees to return to Original Medicare and elect a Part D plan, starting January 1, 2011. Effective January 1, 2011, MARx will no longer accept election type code "O" (for the OEP) or "N" (for the OEP-NEW). A new election type code value will be established for the new MADP. Additional information about the new MADP election period will be provided in the CMS enrollment guidance.

Part D Income Related Monthly Adjustment Amount

Section 3308 of the Patient Protection and Affordable Care Act (PL-111-148) amends section 1860D-13(a) of the Social Security Act to increase the monthly amount of the Part D base beneficiary premium beginning January 1, 2011 for individuals whose modified adjusted gross income exceeds the threshold amounts of $85,000 (2010—for individual tax filers) and $170,000 (2010—for joint tax filers). The Part D-Income Related Monthly Adjustment Amount (hereafter referred to as D-IRMAA) shall be paid through premium withholding. However, in cases where a beneficiary's monthly benefit amount is insufficient to pay the D-IRMAA (i.e., where collection of D-IRMAA is not possible), the Social Security Administration (SSA) will enter into agreements with CMS, OPM, and the RRB to allow the beneficiary to be directly billed by the respective Agencies. The Part D plan sponsors will not be responsible for billing or collecting the D-IRMAA. However, CMS is developing transaction reply code(s) related to an automatic

disenrollment in cases where individuals may be disenrolled for failure to pay their D-IRMAA. Within the next few months, CMS will provide detailed guidance to Part D plan sponsors concerning any role they may have with respect to the implementation of the D–IRMAA.

We appreciate your continued support of the MAPD programs.

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 email at mapdhelp@cms.hhs.gov.

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