

DEPARTMENT OF HEALTH & HUMAN  
SERVICES  
Centers for Medicare & Medicaid Services  
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Baltimore, Maryland 21244-1850



**CENTER FOR MEDICARE**

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**DATE:** June 30, 2026

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

**FROM:** Shruti Rajan, Acting Group Director, Medicare Plan Payment Group

**SUBJECT:** Medicare Advantage/Prescription Drug System (MARx)  
July 2026 Payment – INFORMATION

This letter provides information about the July 2026 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on July 1, 2026, and other payment related items that may require plan action.

**2026 Mid-Year Risk Adjustment Reconciliation**

The mid-year 2026 risk adjustment reconciliation adjustments are included in the July 2026 payment. As announced in the April 28, 2025, HPMS memo, “Deadline for Submitting Risk Adjustment Data for Use in Risk Score Calculation Runs for Payment Years 2025, 2026, and 2027,” the updated risk scores are based on diagnoses with dates of service from January 1, 2025, to December 31, 2025, submitted to CMS through March 6, 2026. The payment adjustments appear on the July 2026 Monthly Membership Report (MMR) with Adjustment Reason Code (ARC) 26 – Mid-year Part C Risk Adjustment Factor Change, and ARC 41 – Part D Risk Adjustment Factor Change (ongoing).

**MARx Payment Resynchronization (Resync) Cleanup**

CMS processed a routine MARx payment database resynchronization for the July 2026 payment. Payment adjustments will appear in the July 2026 Monthly Membership Report (MMR) with ARC 94 (Adjustment due to Cleanup) and Cleanup ID PYMT-RSNC.

**Default Frailty Factor Display Issue on MMR for PACE Plans**

The July 2026 MMR displayed the 2026 PACE default frailty factor of 0.186 for prospective payments and retroactive adjustments for beneficiaries enrolled in PACE plans. However, these payments and adjustments correctly continued to be calculated using the 2025 default frailty factor of 0.182, instead of the 2026 frailty factor that is displayed. This MMR display issue will be resolved in the August 2026 payment.

## **2026 Frailty Payments**

The 2026 frailty score results were recently posted to HPMS and will be incorporated into payment for PACE organizations and qualifying FIDE SNPs in August 2026. The frailty scores will be applied to both the prospective payment calculation in August and to payments for prior months back to January 2026 as retroactive payment adjustments. Adjustments will appear on the August Monthly Membership Report (MMR) using Adjustment Reason Code (ARC) 18 – Part C Rate Change.

## **Sequestration**

Per legislative statute, on April 1, 2013, there began a 2.0% sequester of payments for medical services and supplies. For the period May 1, 2020, through March 31, 2022, a suspension of sequestration existed. Sequestration at a rate of 1.0% began on April 1, 2022, and continued through June 30, 2022. Effective July 1, 2022, sequestration at the original statutorily established rate of 2.0% was restored and remains in effect. Retroactive payment adjustments are calculated accordingly.

## **Submitting MAPD Help Desk Trouble Tickets Involving Premium/Payment Information**

CMS has a mission to provide clear, accurate, and timely information about CMS programs to the entire health care community to improve quality and efficiency in an evolving health care system. 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 “parent ticket,” that means we are aware of an issue or concern affecting multiple organizations and will be working on addressing the issue. Knowing how many organizations are reporting the same problem under the parent ticket allows us to assess the scale of the problem and helps us prioritize the fix to the issue.

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 monthly payment for your plans, please contact the MAPD Help Desk at [mapdhelp@cms.hhs.gov](mailto:mapdhelp@cms.hhs.gov), or 1-800-927-8069.