DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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Medicare Plan Payment Group
Innovative Healthcare Delivery Systems 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 the November 2014 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 2014. This release focuses on improving the efficiency of CMS systems as well as Plan processing.

The November 2014 Release changes are as follows and may require Plan action:

1. **Implementation of Overpayment Rules**
2. **Streamline Medicare Secondary Payer (MSP) Reports**
3. **Transaction Reply Code (TRC) for Plans Losing Members to Medicare and Medicaid Plan (MMP) Passive Enrollment (Affordable Care Act (ACA) 3021)**
4. **Changes to the Low Income Subsidy/ Late Enrollment Penalty (LIS/LEP) Report and the Late Enrollment Penalty Display in Medicare Advantage and Prescription Drug System (MARx)**
5. **Changes to the Segment Assignment Process**

In August 2014, CMS intends to provide the detailed information that Plans will require for implementation in November 2014.

1. Implementation of Overpayment Rules

CMS will be implementing new overpayment rules based on Section 6402(a) of the Affordable Care Act. The final rule was published in the Federal register on May 23, 2014 (79 FR 29843),

and will become effective on January 1, 2015. The system changes CMS is making to accommodate the overpayment rules include:

- Risk Adjustment Processing System (RAPS) File Layout will include a new field and Error Codes.
- Adjustment Reason Codes (ARC) will be added to identify overpayments.
- Monthly Membership Report (MMR) will include an overpayment identifier.

2. Streamline Medicare Secondary Payer (MSP) Reports

Currently, the Medicare Advantage and Prescription Drug System (MARx) distributes two reports to Plans so they may reconcile MSP data for their enrollees. In response to requests from Medicare Advantage Organizations, the Medicare Secondary Payment Information Data File and the Other Health Coverage Information Data File will be combined into one comprehensive report that will also include payment information.

Also, data populated on the Daily Transaction Reply Report (DTRR) related to Transaction Reply Code (TRC) 280, Member MSP Period Ended, currently displays the MSP end date which is sometimes not the actual end date of coverage. CMS will change the date to reflect the actual end date of the period (i.e., the last day of the month) when the reported date is the first of the month.

3. Transaction Reply Code (TRC) for Plans Losing Members to Medicare Medicaid Plan (MMP) Passive Enrollment (Affordable Care Act (ACA) 3021)

As part of the Medicare-Medicaid Financial Alignment Initiative participating, States passively enroll certain dual eligible beneficiaries into Medicare - Medicaid Plans (MMP). More specifically, the State sends an enrollment transaction to MARx, as well as a letter to the beneficiary, 60 days in advance of the passive enrollment effective date. The passive enrollment transaction results in an auto-disenrollment from their existing Plan, which is required to send a disenrollment notice within ten days of receipt of the DTRR with the disenrollment. The DTRR currently displays a TRC 014 Disenrollment Due to Enrollment in Another Plan. The result is a person getting a passive enrollment notice 60 days before the enrollment effective date, and a Medicare Plan disenrollment notice right after that (i.e., within next ten days). This has created much confusion among beneficiaries. CMS seeks to have Plans send a tailored disenrollment notice in these instances to help alleviate beneficiary confusion. To support this, a new TRC code is needed whenever an automatic disenrollment is due to a passive enrollment of a dual eligible beneficiary into an MMP.

With the implementation of the November software release, a new TRC 340 (Disenroll-New MMP) will be generated to notify a Plan when the beneficiary was disenrolled due to MMP passive enrollment so the Plan may take the appropriate actions. This TRC 340 will replace the existing TRC 014 sent to the Plans when disenrollment is due to the MMP passive enrollment (please note that TRC 014 will continue to be sent when disenrollment is due to an individual

voluntarily electing an MMP). CMS is in the process of updating enrollment guidance to reflect this new requirement and provide model exhibit language for the tailored disenrollment notice. Please note this requirement applies to all Medicare Part C and D Plans, including Medicare Advantage (including MA-only and MA-PD), cost Plans, and Prescription Drug Plans.

4. **Changes to the Low Income Subsidy/ Late Enrollment Penalty (LIS/LEP) Report and the Late Enrollment Penalty Display in Medicare Advantage and Prescription Drug System (MARx)**

CMS will implement the following changes to the Late Enrollment Penalty (LEP) reporting process:

- Removing Low Income Subsidy (LIS) information from the LIS/LEP report and renaming it the LEP Report;
- Correcting the reporting of LEP on the LEP report to avoid missing retroactive months for which the penalty was applicable (note that CMS will continue reporting LEP information for directly billed beneficiaries only on this report); and
- Providing LEP period information for direct bill and Social Security Administration/ Railroad Retirement Board (SSA/RRB) withhold beneficiaries in the MARx user interface.

The user interface change will be effective after the November 2014 release is installed over the November 8-9, 2014 weekend. The report changes will be effective on the January 1, 2015 reports.

5. **Changes to the Segment Assignment Process**

Last year as part of end of year activities, CMS implemented an automated segment assignment process that placed beneficiaries into segments based on the State and County Codes (SCCs) of their residence addresses. This removed the need for Plans to submit transaction type 76 – Residence Address Change. If a beneficiary's SCC was outside of the Plan Benefit Package (PBP) service area, MARx assigned the beneficiary to a default segment and the plan needed to to take some action to address the service area issue.

For the November 2014 release, an enhancement will be added to this process. If a Plan expands the service area of a PBP, MARx will detect this change and, if applicable, move impacted beneficiaries assigned to the default segment to segments that now contain the SCCs of their addresses. Transaction replies will be sent to Plans after Termination/Rollover processing has been completed in November. Payment and premium changes associated with segment changes will appear on the January 1, 2015 payment reports.

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.