

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicare
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MEDICARE PLAN PAYMENT GROUP

DATE: July 23, 2014

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

FROM: Cheri Rice
Director

SUBJECT: Medicare Advantage Prescription Drug System (MARx) August 2014 Payment – INFORMATION

This letter provides information about the August payment, which is scheduled for receipt on August 1, 2014, and other payment related items that may require plan action.

Mid-Year 2014 Risk Adjustment Reconciliation

The mid-year 2014 risk adjustment reconciliation impacts are included in the August 2014 payment. The updated risk scores are based on diagnoses with dates of service from January 1, 2013 to December 31, 2013. Plans will see the adjustments on their monthly membership reports (MMRs) under adjustment reason code (ARC) 26 – Mid-year Part C Risk Adjustment Factor Change, and ARC 41 – Part D Risk Adjustment Factor Change (ongoing).

CMS changed the order of the final and mid-year risk adjustment reconciliations for operational reasons. In the future, CMS will run the final risk scores earlier in the year in order to provide plans with final risk scores in the annual file that is sent to support the bidding process.

Late Enrollment Penalty (LEP) Cleanup

Due to a system error, records containing the July LEP amounts were not included on the July Low Income Subsidy (LIS)/LEP report. Note that the error only affected the direct bill beneficiaries; there was no issue with the beneficiaries in withholding. CMS corrected the problem and processed a data clean-up to report the missing information to the plans. A special July LIS/LEP report containing ONLY the missing LEP records will be created and sent to the plans with the other August monthly payment reports. The naming conventions are:

MARx Naming Convention: [P#MMA.@BGD5050.PLN*****.R072014.LISLEPD2](#)

EFT Naming Convention: P.Fxxxxx.LISLEPD.Dyymm01.Thhmsst

The August LIS/LEP report will contain the normal monthly information, and the August Plan Payment Report will contain the total of the missing LEP amounts from July and the amounts for August.

Cleanup to Correct Disenrollment Dates

After CMS ran a cleanup in the June 2014 payment to correct an internal system code, we discovered that the disenrollment dates were incorrect for a small number of beneficiaries. The dates have been corrected in the August 2014 payment. Impacted plans will see ARC 02 – Retroactive Enrollment and ARC 03 – Retroactive Disenrollment and a cleanup ID of 2525943P2.

cc: DPO Representatives
Director, DPO
MAPD Customer Support

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