

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

DATE: May 2, 2006

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

FROM: Thomas Hutchinson /s/
Acting Director

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

This letter provides information on the computation of the May payment as well as a few reminders.

Monthly Premium Withhold Report (MPWE) and Withhold Issues

On April 24 the fourth Monthly Premium Withhold report was provided along with the other May monthly reports. This report contains any premiums withheld from your members' April benefit checks and is based on transactions SSA processed through March 9. Members electing the SSA premium withhold option appear on the report; some with adjustments for January, February, March and April premiums.

In addition, a large backlog of transactions notifying you to directly bill your members has recently been processed and will appear on a weekly TRR received after the monthly reports.

Please note that a code change is being developed by CMS in an effort to reduce the number of rejections of withhold transactions. This is expected to go into production within the week. CMS will be resending rejected transactions to SSA with the results appearing on the Monthly Premium Withhold Report you receive at the end of May.

The SSA cutoff dates for the next 3 months' benefit checks are as follows:

SSA CHECK	SSA CUTOFF DATE
May 2006	April 8
June 2006	May 7
July 2006	June 6

The cutoff dates for the remainder of the year will be provided as soon as they become available from SSA.

Adjustment Reason Code 19

For some adjustment reason codes related to Part D payment, dollars were generated in payment components invalid for the specified adjustment reason code. As an example: for adjustment reason code 34 (retroactive basic Part C premium change), there should not be any Part D Direct Subsidy dollars computed as part of this adjustment type. Until this can be resolved, dollars in these “invalid” payment components will be shown on your plan payment report under code 19. Code 19 was selected because it is a valid code for all Part D payment components. The aggregate payment to your plan will tie to the Monthly Membership Detail report, but it will not tie for the impacted adjustment reason codes. The amount shown in the Plan Payment Report under adjustment reason code 19 is the total of adjustment reason codes where there is a blank on the Plan Payment Report, but a transaction in the MMR Detail.

This issue remains open and was not addressed on your May plan payment reports.

Inappropriate Part C and Part D Adjustments

For some beneficiaries dually enrolled in a PDP and in a plan that does not offer Part D (e.g., cost plan) who disenroll from their PDP, Part A/B payment adjustment dollars are incorrectly computed and applied against the PDP’s payment. The opposite scenario also occurs; e.g., when a dually enrollment beneficiary disenrolls from their MA plan, Part D payment adjustment dollars are incorrectly computed and applied against the MA plan’s payment. In addition, PDPs continue to have negative A/B adjustment dollars applied to their payments for some retroactive enrollments (adjustment reason code 02).

The fixes for these issues are still being validated. You will be notified when these clean-ups are scheduled to occur.

Medicare Secondary Payer (MSP) Flags

The flags to identify your MSP members were populated on your May MMR. These flags will identify members that either you reported as working aged or we found to be working aged (or MSP for risk adjustment purposes) when we checked your non-respondents late in 2005. These members are the basis for your contract-level MSP factors.

Missing Members/Missing Transaction Reply Codes

Plans have reported that some members are disappearing from their MMRs without ever receiving a transaction reply that would indicate disenrollment. Initial research has determined that these are not beneficiaries that were auto-enrolled into a PDP. MARx trouble tickets have been opened and you will be notified when this issue is resolved.

End of the Open Enrollment Period

As a reminder, please be aware that available election periods for most beneficiaries will soon end. The Initial Enrollment Period for Part D (IEP) for those eligible for Part D in

January 2006 or earlier and the Annual Coordinated Election Period (AEP) ends on May 15. Transactions submitted with application dates after May 15 with an IEP or AEP election type will reject. Similarly, the Medicare Advantage Open Election (OEP) ends on June 30; transactions submitted with application dates after June 30 with an OEP election type will reject.

If you have any questions or issues that you wish to discuss, please feel free to contact your Division of Payment Operations representative directly. For your convenience an updated list is attached.

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Ms. Cynthia Tudor, CMS
Ms. Marla Kilbourne, CMS
Mr. Jeffrey Grant
Ms. Julie Boughn, CMS
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