

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Beneficiary Choices  
7500 Security Boulevard, Mail Stop S3-16-16  
Baltimore, Maryland 21244-1850



**MEDICARE PLAN PAYMENT GROUP**

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**DATE:** November 21, 2006

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

**FROM:** Thomas Hutchinson /s/  
Director

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

This letter provides information related to your December 2006 payment.

**IMPORTANT – Reminder of the December 2006 Cutoff Date**

The MARx cutoff date **in December remains 12/8**. Plans must submit enrollments by 12/8 in order to receive a January 2 payment for these enrollments.

**2005 Risk Adjustment Final Reconciliation**

The 2005 risk adjustment final reconciliation is included in the December payment. The adjustments are reported at the member level under adjustment reason code 25 on your December monthly membership report (MMR). Please note this reconciliation occurred for all non-ESRD members. Adjustment payments for your ESRD members will be incorporated in a future payment cycle.

The Social Health Maintenance Organizations were excluded from this 2005 final risk adjustment reconciliation. These organizations will receive a plan-level amount to account for the estimated payment they should have received. This payment will be reversed when MARx processes the reconciliation at the member level at a future date.

**Premium Payments for July/August 2006**

As you were notified earlier in the year, CMS inadvertently switched approximately 230,000 beneficiaries to direct bill that had been having premiums successfully withheld from their social security checks. These beneficiaries received up to 8 months of refunds which they were notified to return to CMS. We did not deduct these premiums from plan payments. However, impacted plans never received premiums for July and August. These premium amounts will be paid to plans as a plan-level adjustment in your December payment. In addition, a separate monthly premium withhold extract (MPWE) containing the beneficiary-level detail for these payments will be sent to you. This file is in addition to the normal

monthly MPWE you will receive for this month and may not be received exactly at the same time as the other monthly payment reports.

If you have any questions or issues that you wish to discuss, please feel free to contact your Division of Payment Operations representative per the attached list.

cc: Ms. Abby Block, CMS  
Mr. David Lewis, CMS  
Ms. Cynthia Tudor, CMS  
Ms. Marla Kilbourne, CMS  
Ms. Julie Boughn, CMS  
RO HMO Coordinators  
DPO

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