

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

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**DATE:** August 1, 2007

**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) August Payment – INFORMATION**

This letter provides information concerning the August 2007 payment which will be paid on August 1, 2007.

2006 Final Risk Adjustment Factor Update

The update to Part C and D payments for 2006 risk adjustment is included in the August payment. This update affects payments made to you for 2006 enrollments. These adjustments will appear on your MMR under adjustment reason code 25 for Part C, and code 41 for Part D.

Retroactive Requests

DPO is accepting requests for retroactive actions with effective dates in 2007 only, with one exception. PBP changes with effective dates in 2006 will also be approved. Please follow the standard operating procedures for submitting requests to IntegriGuard or for requesting approval to submit batch retroactive actions through your DPO representative. See the attached listing for contact information. If there are other 2006 issues that need to be discussed please contact your DPO representative and provide examples.

Recoupment of Interim Payments Made for 2006 Risk Adjustment Issues

During 2006 and 2007, interim payments were made to some plans to address financial issues until the final 2006 risk adjustment reconciliation could be completed. The payment adjustments resulting from this reconciliation will be reflected in the August payment. We are currently analyzing this data and expect to process reversals of the associated interim payment adjustments from either the September or October payment.

Recoupment of Interim Payments for MARx Processing Issues

In the July payment letter it was noted that reversals of interim payments made to plans for 2006 enrollment processing issues would be taken from the August payment. However, NO reversals were processed in this payment due to the 2006 risk adjustment reconciliation. The reversals will be deducted from the September payment.

Medicare Secondary Payer (MSP) Survey Process for 2008 Payments

Instructions for the MSP survey conducted using the March 2007 MMR are contained in the 2008 Call Letter. This letter may be accessed from the web at this address:

<http://www.cms.hhs.gov/PrescriptionDrugCovContra/>.

Additional guidance will be released in the near future.

Revisions to the Plan Payment Report (PPR)

The PPR has been enhanced to display the A/B payment amounts in separate Part A and Part B components. In addition, a Net Payment amount has been added for each line on the report. The new format was used for the August report. The revised format was previously attached to the July MARx payment letter.

A data file version of the formatted report is currently under development. A data file will facilitate plan processing of the payment data. A record layout will be provided in a future communication. The new data file is expected to be ready for distribution in early 2008. The formatted report will continue to be provided as well.

If you have any questions please feel free to contact your Division of Payment Operations representative. Thank you.

Attachment

cc: Mr. Mark Loper, CMS  
Ms. Cheri Rice  
Ms. Marla Kilbourne, CMS  
Mr. David Lewis, CMS  
Ms. Cynthia Tudor, CMS  
Ms. Julie Boughn, CMS  
DPO

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