

The Payment Reconciliation System (PRS) Part D Payment Reconciliation Reports

As part of the yearly Part D payment reconciliation, plans active within the coverage year will receive a set of management reports from the Payment Reconciliation System (PRS) detailing the inputs and results of the reconciliation process for the coverage year. The layout and data elements in the reports, the PRS Inputs Report to Plans and the PRS Reconciliation Results Report to Plans, are explained here. To provide a framework for the PRS reports, an explanation of how the data elements within the reports operate in the Part D payment reconciliation calculations performed by the PRS is also outlined below.

The PRS Inputs Report to Plans provides plans with the beneficiary-level inputs received from the Medicare Advantage and Prescription Drug System (MARx) and the Drug Data Processing System (DDPS). These inputs provide data on the prospective payments and the actual payments made on behalf of a beneficiary. The PRS Inputs Report to Plans allows plans to validate the beneficiary-level inputs received from DDPS and MARx that will be used in their Part D payment reconciliation.

The PRS Reconciliation Results Report to Plans provides plan-level inputs received from the Health Plan Management System (HPMS), totaled plan-level inputs passed from the PRS Inputs Report to Plans, and the results of the three Part D payment reconciliations: the Low Income Cost-Sharing Subsidy (LICS) reconciliation, the reinsurance reconciliation, and the risk-sharing reconciliation. The PRS Reconciliation Results Report to Plans is meant to provide plans with all of the inputs plans would need to understand how their Part D payment reconciliation is calculated, in addition to the results of the Part D payment reconciliations and the final reconciliation adjustment amount.

The PRS Inputs Report To Plans

The PRS Inputs Report to Plans provides plans with the prospective payment and actual payment inputs at the beneficiary/plan-level from MARx and DDPS. Because a beneficiary could be in more than one contract and/or more than one Plan Benefit Package (PBP) within a contract within a specific coverage year, beneficiary/plan-level data indicates the beneficiary-level data for a specific plan only. In this document, beneficiary-level and beneficiary/plan-level are used interchangeably. Plan-level and contract/PBP-level are also used interchangeably.

PRS Inputs Report to Plans File Layout

The layout of the PRS Inputs Report to Plans follows a similar file structure as the DDPS management reports (Report 4, Reports 40-43) that plans are already receiving.

The PRS Inputs Report to Plans file contains a contract header (CHD) record, followed by a plan header (PHD) record which sets up cumulative reporting at both the contract-level and at the plan-level. The CHD and PHD records identify the contract and PBP,

respectively. Each has the file name on the record, allowing the distribution of reports at the contract-level, and a contract to treat plan-level reports as unique reports. The CHD record also has the coverage year, the calendar year for which a specific Part D payment reconciliation is conducted, and the reconciliation number which indicates whether the reconciliation is the first to be run or if the reconciliation has been re-run.

The detail (DET) record provides the beneficiary/plan-level reporting. The DET record establishes the basic format for the rest of the file. It is important to note that on the DET record, beneficiaries are identified by their most current HICN as reported on the DDPS management files.

The plan trailer (PTR) record has the same basic layout as the DET record. However, in place of the beneficiary ID, there is a contract number and a PBP ID. This record will sum all of the amounts in each of the DET records for the contract/PBP. Table 1 provides the definitions and descriptions of the records in the PRS Inputs Report to Plans.

TABLE 1 - PRS INPUTS REPORT TO PLANS - RECORD DEFINITIONS/DESCRIPTIONS

RECORD INDICATOR	RECORD DEFINITION	NOTES
CHD	Contract-level file header	Occurs once per Contract
PHD	Plan-level file header	Occurs once per Plan on file
DET	Detail records for the report	Occurs 1 to many times per PHD record
PTR	Plan-level file trailer	Occurs once per PHD on the file
CTR	Contract-level file trailer	Occurs once per CHD

PRS Inputs Report to Plans – Data Elements and Report Fields

Only beneficiary/plan-level information is present on the Inputs Report. Plan-level inputs needed to calculate reconciliation amounts are found on the PRS Reconciliation Results Report to Plans discussed in a later section.

P2P and Non-P2P Fields

The Inputs Report to Plans contains both Plan-to-Plan (P2P) amounts and non-P2P amounts for the following four fields: Actual Low Income Cost-Sharing Subsidy Amount (ALICSA), Gross Drug Cost Below the Out of Pocket Threshold Amount (GDCBA), Gross Drug Cost Above the Out of Pocket Threshold Amount (GDCAA), and Covered Part D Plan Paid Amount (CPPA). These four fields represent data received from the Drug Data Processing System (DDPS). Table 2 provides the names and field locations on the DET record of the data elements which have both P2P and non-P2P amounts.

TABLE 2: P2P AND NON-P2P FIELDS ON PRS INPUTS REPORT

DATA ELEMENT	SHORT NAME	FIELD NUMBER		
		NON P2P	P2P	TOTAL
ACTUAL LOW INCOME COST-SHARING SUBSIDY AMOUNT	ALICSA	4	5	6
GROSS DRUG COST BELOW THE OUT OF POCKET THRESHOLD	GDCBA	8	9	10
GROSS DRUG COST ABOVE THE OUT OF POCKET THRESHOLD	GDCAA	11	12	13
COVERED PART D PLAN PAID AMOUNT	CPPA	14	15	16

The P2P amounts represent amounts paid for which the plan was not the submitting plan. Since the Plan of Record (POR) has repaid the submitting plan during the P2P process, the P2P amounts incurred will be on the POR's reconciliation. Plans will only be reconciled for amounts incurred when they are the POR.

PRS sums the P2P and non-P2P amounts for these fields at the beneficiary-level. The beneficiary/plan-level sums of these four fields are on the DET record and are aggregated to the plan and contract levels in the Inputs Report. Plans should also refer to the DDPS Management Report 4 COV and Report 42 for the non-P2P and P2P amounts for these fields. Prior to reconciliation, CMS will release Report 4 COV and Report 42 with the coverage year's cumulative results as they will be used in the Part D reconciliation. These reports are critical for the plan to review and refer to in understanding their Part D payment reconciliation.

PRS Reconciliation Results Report To Plans

The PRS Reconciliation Results Report to Plans provides plans with the results of the three Part D payment reconciliations and the final reconciliation payment adjustment amount. The Results Report also provides the contract/PBP-level inputs received from HPMS and the totaled plan-level inputs from DDPS that are necessary for plans to understand how their Part D payment reconciliation is calculated.

The PRS Reconciliation Results Reports to Plans File Layout

The PRS Reconciliation Results Report to Plans file layout is similar to that of the PRS Inputs Report, but there are key differences. The Results Report file begins with the CHD record. In the Results Report, there are no beneficiary-level records; the DET record in the Results Report provides the reconciliation results at the contract/PBP-level. As with the Inputs Report, each report also has the coverage year, the calendar year for which a specific Part D payment reconciliation is conducted, and the reconciliation number which indicates whether the reconciliation is the first run for the coverage year or if the reconciliation has been re-run. Table 3 provides the definitions and descriptions of the records in the PRS Reconciliation Results Report to Plans.

TABLE 3 - PRS RECONCILIATION RESULTS REPORT TO PLANS - RECORD DEFINITIONS/DESCRIPTIONS

RECORD INDICATOR	RECORD DEFINITION	NOTES
CHD	Contract-level file header	Occurs once per Contract
DET	Detail records at the plan-level for the report	Occurs 1 to many times per CHD record
CTR	Contract-level file trailer	Occurs once per CHD

The CTR record provides reconciliation results summarized to the contract level and represents the activity of all PBPs under one contract number. It is important to note here that the totals in this CTR record are not the totals used for any Part D payment reconciliation. All payment reconciliation is at the contract/PBP-level which is reported in the DET record. The CTR record may provide a useful contract-level summary, but will not directly impact any payment calculation.

Inputs on the Results Report

Inputs Report Fields Passed to the Results Report

Certain fields from the Inputs Report are carried through to the Reconciliation Results Report. The elements passed are summed to the contract/PBP-level on the PRS Inputs Report PTR record. The data elements that are passed from the Inputs Report to the Results Report are values that are necessary inputs into the payment reconciliation calculations PRS performs. For example, the plan-level Total Actual Low Income Cost-Sharing Subsidy Amount (ALICSA) and the plan-level Prospective Low Income Cost-

Sharing Subsidy Amount (PLICSA) are the only data elements used to calculate the LICs Reconciliation Adjustment Amount (LICsAA) and therefore, are passed to the Results Report from the Inputs Report. Other data elements passed from the Inputs Report to the Results Report also comprise values in the Part D payment reconciliation calculations. These data elements are shown in Table 4.

TABLE 4: DATA ELEMENTS PASSED FROM THE PRS INPUTS REPORT TO THE PRS RESULTS REPORT

DATA ELEMENT	SHORT NAME	SOURCE SYSTEM
TOTAL ACTUAL LOW INCOME COST-SHARING SUBSIDY AMOUNT	ALICSA	DDPS
TOTAL GROSS DRUG COST BELOW OUT OF POCKET THRESHOLD AMOUNT	GDCBA	DDPS
TOTAL GROSS DRUG COST ABOVE OUT OF POCKET THRESHOLD AMOUNT	GDCAA	DDPS
TOTAL COVERED PART D PLAN PAID AMOUNT	CPPA	DDPS
PROSPECTIVE LOW INCOME COST-SHARING SUBSIDY AMOUNT	PLICSA	MARx
PROSPECTIVE REINSURANCE SUBSIDY AMOUNT	PRSA	MARx
PART D BASIC PREMIUM AMOUNT	PA	MARx
DIRECT SUBSIDY AMOUNT	DSA	MARx
PACE COST-SHARING ADD-ON AMOUNT	PCAA	MARx

Plan-level HPMS Inputs

Plan-level inputs needed to calculate reconciliation amounts are only found on the PRS Reconciliation Results Report to Plans. These plan-level inputs are HPMS inputs and include: the Part D Covered DIR Amount, the Administrative Cost Ratio, and the Induced Utilization Ratio (for Enhanced Alternative plans only). The Part D Covered DIR Amount is adjusted within HPMS to account for the Part D Covered Incentive Payment Amount prior to being passed to PRS. These data elements are shown in Table 5.

TABLE 5: HPMS PLAN-LEVEL INPUTS FOUND ON THE PRS RECONCILIATION RESULTS REPORT TO PLANS

DATA ELEMENT	SHORT NAME
PART D COVERED DIR AMOUNT	DDIRA
ADMINISTRATIVE COST RATIO	ACR
INDUCED UTILIZATION RATIO	IUR

Program Level CMS Inputs

The last set of reconciliation inputs that are found in the Results Report are CMS provided, program-wide data elements. These fields are necessary to perform the risk sharing portion of reconciliation. The values for these data elements will be the same for all plans that participate in risk sharing. CMS provided, program-wide inputs are shown in Table 6.

TABLE 6: CMS PROVIDED PROGRAM LEVEL INPUTS ON THE PRS RESULTS REPORT TO PLANS

DATA ELEMENT	SHORT NAME
FIRST UPPER THRESHOLD PERCENT	FUTP
SECOND UPPER THRESHOLD PERCENT	SUTP
FIRST LOWER THRESHOLD PERCENT	FLTP
SECOND LOWER THRESHOLD PERCENT	SLTP
FIRST UPPER RISK SHARING RATE	FURSR
SECOND UPPER RISK SHARING RATE	SURSR
FIRST LOWER RISK SHARING RATE	FLRSR
SECOND LOWER RISK SHARING RATE	SLRSR

Payment Reconciliation Plan Type Code

The Payment Reconciliation Plan Type Code (PRPTC) indicates which of the three reconciliations (LICS, reinsurance, and risk sharing) a plan may participate in and how those reconciliations will be calculated. The PRS contains a decision process to determine Payment Reconciliation Plan Type Code which considers the HPMS Plan Benefit Package Type Code (PBPTC), among other plan type flags and indicators to arrive at one of 14 distinct PRS reconciliation plan types. See Table 7 for a list of the PRS plan types and their allowed reconciliations.

TABLE 7: PART D PLANS AND ALLOWED RECONCILIATION CALCULATIONS

Payment Reconciliation Plan Types	Unique PRS Plan Type Code	LICS Reconciliation	Reinsurance Reconciliation	Risk Corridor Analysis
Defined Standard Benefit Plan*	1	Yes	Yes	Yes
Actuarially Equivalent Plan*	2	Yes	Yes	Yes
Basic Alternative Plan*	3	Yes	Yes	Yes
Enhanced Alternative Plan*	4	Yes	Yes	Yes
Employer Group Waiver Plan (EGWP) Calendar Year	5	Yes	Yes	No
Employer Group Waiver Plan (EGWP) Non-Calendar Year	6	Yes	No	No
Dual-eligible PACE Plan	7	Yes	Yes	Yes
Medicare-only PACE Plan	8	Yes	Yes	Yes
Flexible Capitated Payment Demonstration Option	9	Yes	No	Yes
Fixed Capitated Payment Demonstration Option	10	Yes	No	Yes
MA Rebate Payment Demonstration Option	11	Yes	Yes	Yes
Non-Payment Demonstration Private Fee-for-Service (Non-Demo PFFS)	12	Yes	Yes	No
Limited Risk	13	Yes	Yes	Yes
Fallback	99	TBD	TBD	TBD

*** Mutually exclusive of all other plan types.**

Note: All plans are required to bid as one of the four HPMS Plan Benefit Types (Defined Standard, Actuarially Equivalent, Basic Alternative, or Enhanced Alternative), but if the plan also falls into another category in addition to the HPMS PBP Type Code, such as a payment demonstration or an employer group, for PRS and reconciliation purposes, that is the designation to which the plan is assigned.

All PRS plan types participate in LICS reconciliation. Non-Calendar Year Employer Group Waiver Plans and Fixed and Flexible Capitated Payment Demonstration Plans do

not receive reinsurance reconciliation. Calendar Year and Non-Calendar Year Employer Group Waiver Plans and Non-Payment Demonstration Private Fee-For-Service Plans do not participate in risk sharing. During the 2006 reconciliation process, CMS will calculate the reinsurance subsidy for Non-Payment Demonstration Private Fee-for-Service (Non-Demo PFFS) plans using the same methodology used to determine the reinsurance subsidy for MA-PD plans.¹

PRS Payment Calculations, Interim Calculated Values, and Reconciliation Results

This section provides an explanation of how the various inputs identified on the Inputs Report and on the Results Report operate within the PRS reconciliation calculations. In addition to values received from source systems, the Reconciliation Results Report to Plans has PRS interim calculated values used in the reinsurance and risk sharing reconciliations. More information on the PRS interim calculated values can be found in the sections below.

More importantly, this section explains how the three Part D payment reconciliation calculations operate within the PRS and how the inputs and interim calculated values operate within the calculations to provide plans with the final reconciliation values for the three Part D payment reconciliations (LICS reconciliation, reinsurance reconciliation, and risk sharing reconciliation) and the final reconciliation payment adjustment value, the Adjustment Due to Payment Reconciliation Amount (ARA). This section explains how PRS arrives at these final reconciliation values and tells plans where to find specific values on the plan-level DET record of the Results Report.

Low Income Cost-Sharing Subsidy (LICS) Reconciliation:

The LICS reconciliation is the most straightforward of the reconciliations. In the LICS reconciliation, prospective payments are compared to actual payments to determine the Low Income Cost-Sharing Subsidy Adjustment Amount (LICSAA). The values that go into the LICS reconciliation calculations are totaled DDPS and MARx values passed from the Inputs Report to the Results Report. No calculated interim PRS values are used in the LICS reconciliation:

$$\text{LICSAA} = \text{ALICSA} - \text{PLICSA}$$

The Actual Low Income Cost-Sharing Subsidy Amount minus the Prospective Low Income Cost-Sharing Subsidy Amount provides the Low Income Cost-Sharing Subsidy Adjustment Amount.

¹ After initial reconciliation payments have been made, CMS will conduct analysis to determine how closely the reinsurance payments made to PFFS plans approximate the reinsurance payments that they would have received if they were MA-PD plans with populations of similar risk. If appropriate, CMS may adjust the reinsurance subsidies paid PFFS plans to more accurately reflect the reinsurance subsidies they would have received as MA-PD plans with populations of similar risk.

The Low Income Cost-Sharing Subsidy Adjustment Amount is Field 9 on the PRS Reconciliation Results Report to Plans DET record. This amount can be positive or negative.

Reinsurance Reconciliation:

As with the LICs reconciliation, the reinsurance reconciliation compares the Prospective Reinsurance Subsidy Amount to the Actual Reinsurance Subsidy Amount to determine the Reinsurance Subsidy Adjustment Amount (RSAA). Calculating the reinsurance subsidy reconciliation is a 5 step process. PRS uses GDCAA and GDCBA values from DDPS and the Prospective Reinsurance Subsidy Amount (PRSA) from MARx which are passed to the Results Report from the Inputs Report as totaled plan-level values.

PRS uses these values to determine the interim calculated values, such as the Reinsurance DIR Ratio (RDIRR), the Reinsurance Portion of DIR Amount (RPDIRA), the Allowable Reinsurance Cost Amount (ARCA), and the Actual Reinsurance Subsidy Amount (ARSA), used in the reinsurance reconciliation calculations and which are further explained below:

1. **The first step in determining the reinsurance reconciliation is to calculate the Reinsurance DIR Ratio (RDIRR).** The Total Gross Drug Cost Above the Out of Pocket Threshold Amount (GDCAA) is divided by total drug costs (the sum of GDCAA and the Total Gross Drug Cost Below the Out-of-Pocket Threshold Amount (GDCBA)) to determine RDIRR, the Part D Direct and Indirect Remuneration Ratio. (RDIRR is a PRS interim calculated value and is found on Field 12 of the DET record on the PRS Reconciliation Results Report to Plans).

$$RDIRR = GDCAA / (GDCAA + GDCBA)$$

2. **The second step is to calculate the Reinsurance Portion of DIR Amount (RPDIRA).** The DIR ratio is multiplied by the Part D Covered DIR Amount (DDIRA) which is a contract/PBP-level value received from HPMS, and identified on the Results Report, to produce the Reinsurance Portion of DIR. (RPDIRA is a PRS interim calculated value and is found on Field 14 of the DET record on the PRS Reconciliation Results Report to Plans.)

$$RPDIRA = RDIRR \times DDIRA$$

3. **In the third step, PRS calculates the allowable reinsurance cost (ARCA).** The Reinsurance Portion of DIR is subtracted from the Total Gross Drug Cost Above the Out of Pocket Threshold to determine the Allowable Reinsurance Cost Amount. (ARCA is a PRS interim calculated value in Field 15 of the DET record on the PRS Reconciliation Results Report to Plans.)

$$ARCA = GDCAA - RPDIRA$$

- 4. In the fourth step, PRS determines the Actual Reinsurance Subsidy Amount (ARSA).** The Allowable Reinsurance Cost Amount is multiplied by .8 to determine the Actual Reinsurance Subsidy Amount. (ARSA is found in Field 16 of the DET record on the PRS Reconciliation Results Report to Plans.)

$$\text{ARSA} = \text{ARCA} \times 0.80$$

- 5. In the fifth step, the reinsurance subsidy is reconciled to determine the Reinsurance Subsidy Adjustment Amount (RSAA).** The Reinsurance Subsidy Adjustment Amount is determined by subtracting the Prospective Reinsurance Subsidy Amount received from MARx and identified on the Inputs Report from the Actual Reinsurance Subsidy Amount (ARSA).

$$\text{RSAA} = \text{ARSA} - \text{PRSA}$$

The Reinsurance Subsidy Adjustment Amount is Field 18 on the PRS Reconciliation Results Report to Plans DET Record. This amount can be positive or negative.

Risk Sharing Reconciliation:

Calculating the risk sharing reconciliation is a more involved process than the previous two reconciliations. Most of the risk sharing reconciliation is performed at the plan-level with the exception of the 60/60 rule calculation portion which is conducted at the program level. There are essentially five steps to calculate risk sharing:

1. Calculate the plan's Target Amount (TA).
2. Calculate the risk threshold amounts.
3. Calculate the Adjusted Allowable Risk Corridor Cost Amount (AARCCA).
4. Determine if the 60/60 rule applies (for years 2006 and 2007 only).
5. Determine where costs fall with respect to the thresholds and calculate payment adjustment.

Essentially, the purpose of the risk sharing reconciliation is to perform a comparison of the Target Amount, the total projected revenue necessary for the basic benefit (reduced for administrative costs) and the Adjusted Allowable Risk Corridor Cost Amount which represents actual costs that have been adjusted to determine if there is any risk sharing.

The risk sharing reconciliation uses the Direct Subsidy Amount (DSA), the Part D Basic Premium Amount (PA), the Administrative Cost Ratio (ACR), the Pace Cost Sharing Add-on Amount (PCAA), the Covered Part D Plan Paid Amount (CPPA), the Direct and Indirect Remuneration Amount (DIRRA), and the Induced Utilization Amount (IUR) from DDPS, MARx, and HPMS to calculate the interim values needed for the risk sharing reconciliation.

1. **The first step is to calculate the plan's Target Amount (TA).** The Direct Subsidy Amount and the Part D Basic Premium Amount are summed and then adjusted by the Administrative Cost Ratio to determine the TA, the first PRS calculated value used in the risk sharing calculations. For plan type 7, the Pace Cost-sharing Add-on Amount (PCAA) is added to that amount. For plan types 9 and 10, the Prospective Reinsurance Subsidy Amount (PRSA) is added. Note: The reconciliation calculations are using the Direct Subsidy as it relates to the risk adjusted standardized bid minus the beneficiary premium and the A/B rebates.

$$TA = (DSA+PA) \times (1-ACR)$$

For PRS plan type 7 (Dual Eligible PACE plan), then

$$TA = (DSA+PA) \times (1-ACR) + PCAA$$

For PRS plan type 9 or 10 (Flexible Capitated Payment Demonstration or Fixed Capitated Payment Demonstration), then

$$TA = (DSA+PA) \times (1-ACR) + PRSA$$

2. **The second step is to calculate the risk corridor thresholds.** The Target Amount is multiplied by the threshold risk percentages (the First Upper Threshold Percent, Second Upper Threshold Percent, First Lower Threshold Percent, Second Lower Threshold Percent) provided by CMS to determine the First Upper Threshold Amount (FUTA), the Second Upper Threshold Amount (SUTA), the First Lower Threshold Amount (FLTA), and the Second Lower Threshold Amount (SLTA).

$$FUTA = FUTP \times TA$$

$$SUTA = SUTP \times TA$$

$$FLTA = FLTP \times TA$$

$$SLTA = SLTP \times TA$$

3. **In the third step, the PRS calculates the Adjusted Allowable Risk Corridor Cost Amount (AARCCA).** The Actual Reinsurance Subsidy Amount (ARSA) and the Part D DIR Amount (DDIRA) are subtracted from the Covered Part D Plan Paid Amount (CPPA). This amount is adjusted by the Induced Utilization Ratio (IUR). Note: The Induced Utilization Ratio is set to 1 for all plans except EA plans. For EA plans, including payment demonstrations, the HPMS IUR value will be used which will be equal to or greater than 1.

$$AARCCA = (CPPA - ARSA - DDIRA)/IUR$$

4. **In the fourth step, the PRS determines if the 60/60 rule applies.** When the 60/60 rule is applicable, at least 60 percent of Part D plans subject to risk sharing have AARCCA above the First Upper Threshold Amount and those plans represent at least 60 percent of Part D enrollees. If the 60/60 rule is applicable *and* if CMS chooses to utilize it, then the government will increase the risk sharing percentage between the First Threshold Upper Limit and the Second Threshold Upper Limit from 75 percent to 95 percent. The 60/60 Rule Met Indicator in Field 27 on the Results Report will report **Y** for Yes or **N** for No to indicate whether the 60/60 rule applies.

The Cost Over First Upper Threshold Indicator, Field 36 on the Results Report, denotes whether an individual plan's AARCCA is over the First Upper Threshold Amount. This field will report either a **0** for No or a **1** for Yes.

5. **In the last step, PRS determines where costs fall with respect to the thresholds and calculates payment adjustment.** The Adjusted Allowable Risk Corridor Costs are matched against the thresholds to determine where costs fall and to calculate the Risk Sharing Adjustment. The risk sharing rates (the First Upper Risk Sharing Rate, Second Upper Risk Sharing Rate, First Lower Risk Sharing Rate, Second Lower Risk Sharing Rate) are applied, as appropriate. The Risk Sharing Adjustment (RA) is the last calculated PRS value in the risk sharing reconciliation.

If $FUTA < AARCCA < \text{or} = SUTA$ then

$$RA = FURSR \times (AARCCA - FUTA)$$

If $SUTA < AARCCA$ then

$$RA = [FURSR \times (SUTA - FUTA)] + [SURSR \times (AARCCA - SUTA)]$$

If $FLTA > AARCCA > \text{or} = SLTA$ then

$$RA = FLRSR \times (AARCCA - FLTA)$$

If $SLTA > AARCCA$ then

$$RA = [FLRSR \times (SLTA - FLTA)] + [SLRSR \times (AARCCA - SLTA)]$$

If $FUTA > \text{or} = AARCCA > \text{or} = FLTA$ then

$$RA = 0$$

On the PRS Reconciliation Results Report to Plans, there are two fields that indicate the contributions to the Risk Sharing Amount (RA), the Risk Sharing Portion from Costs Beyond the Second Limit, Field 42, and the Risk Sharing Portion from Costs Between the First and Second Limits, Field 43. The first field indicates the contribution to the Risk Sharing Amount from plan costs beyond either the Second Upper Threshold Amount or the Second Lower Threshold Amount. The second field indicates the contribution to the Risk Sharing Amount from plan costs between the First and Second Threshold Amounts. These fields are signed and will be used to show any positive contributions to risk

sharing or negative contributions to risk sharing. Positive values and negative values in these fields are mutually exclusive. In other words, a plan will not have a positive value in one and a negative value in the other.

The Risk Sharing Amount is Field 41 on the PRS Reconciliation Results Report to Plans DET Record. This amount can be positive or negative.

The Final Reconciliation Payment Adjustment

The Adjustment Due to Payment Reconciliation Amount (ARA) is the last field found on the DET record of the PRS Reconciliation Results Report to Plans. This amount is the net reconciliation amount for the plan for the coverage year. The following fields identified in Table 8 are used to calculate the final reconciliation payment adjustment amount:

TABLE 8: PART D RECONCILIATION ADJUSTMENT AMOUNTS AND FIELD LOCATIONS

Reconciliation Amounts		Results Report DET Record Field
	Low Income Cost-Sharing Subsidy Amount	Field 9
+	Reinsurance Subsidy Adjustment Amount	Field 18
+	Risk Sharing Amount	Field 41
-	Budget Neutrality Adjustment Amount (Demonstration Plans Only)	Field 46
=	Adjustment Due to Payment Reconciliation Amount	Field 47

The first three fields are critical for the plans because they represent the final reconciliation amounts for LICs, reinsurance, and risk sharing. The adjustment due to reconciliation amount is the total of the three reconciliations (LICs, reinsurance, and risk sharing/risk corridor) minus the Budget Neutrality Adjustment Amount (BNAA, Field 46). The BNAA applies only for demonstration plans and is the product of unique member per year (UMPY) and the Annual Budget Neutrality Dollar Amount (ABNDA).

$$\text{ARA} = \text{LICSAA} + \text{RSAA} + \text{RA} - \text{BNAA}$$

The ARA is summed to the contract-level for all plans in a contract. This value can be found in the CTR record in the Results Report. However, since the Part D payment reconciliation is conducted at the plan level, the Adjustment Due to Payment Reconciliation Amount (ARA) is calculated at the contract/PBP-level.

The Adjustment Due to Payment Reconciliation Amount is Field 47, the last field found on the DET record of the PRS Reconciliation Results Report to Plans. This amount can be positive or negative.