

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Medicare  
7500 Security Boulevard, Mail Stop C1-13-07  
Baltimore, Maryland 21244-1850



**MEDICARE PLAN PAYMENT GROUP**

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**DATE:** June 21, 2013

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

**FROM:** Cheri Rice /s/  
Director

**SUBJECT: Medicare Advantage Prescription Drug System (MARx) July 2013 Payment – INFORMATION**

This letter provides information about the July payment, which is scheduled for receipt on July 1, 2013, and other payment related items that may require plan action.

**2013 Mid-Year Risk Adjustment Factor Update**

The mid-year update of the risk adjustment factors for 2013 is included in the July payment. Each affected plan will see Adjustment Reason Code (ARC) 26 (Mid-year Part C risk adjustment factor change) and ARC 41 (Part D risk adjustment factor change) on its Monthly Membership Report (MMR).

**Health Information Technology for Economic & Clinical Health Act (HITECH) Bonus Payment Adjustments**

Plans participating in the Electronic Health Records (EHR) Incentive Program will receive adjustments to the 2011 payments in the July 2013 payment. The incentive payment adjustment is for the Plan's qualifying Medicare Advantage Eligible Professionals (not for any incentive payments due to qualifying Medicare Advantage Eligible Hospitals under the program). The payment amounts are shown on the PPR with adjustment type "HTC". The data file contains Adjustment Type codes in field 53.

**Frailty Factor Payment Recalculation for Beneficiaries in Special Needs Plans**

CMS processed a data clean-up to correct an issue involving MARx not updating 2013 frailty factors for some beneficiaries enrolled in Special Needs Plans during 2013. Plans that did not receive updates in the Mid-Year Risk Adjustment Factor Change (ARC of 26 and 41) will receive recalculated payments in the July 2013 MMR under ARC 94 - Special Payment Adjustment Due to Cleanup.

**Reconciliation of Plans that Terminated in 2011**

CMS is continuing to conduct final reconciliations to settle amounts for terminated plans that were processed after their termination dates. The final settlement will include the 2011 final risk adjustment reconciliation completed in December 2012, and the Coverage Gap Discount

Program reconciliation completed in May 2013. Plans will receive the results of these settlements in July 2013.

Please contact the appropriate DPO Representative (list attached) if you have any questions about the information in this letter or need assistance with other payment or premium related issues. Thank you.

cc: DPO Representatives  
Director, DPO  
MAPD Customer Support

**CENTERS FOR MEDICARE  
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