

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicare
7500 Security Boulevard, Mail Stop C1-13-07
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MEDICARE PLAN PAYMENT GROUP

DATE: May 22, 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) June 2013 Payment – INFORMATION

This letter provides information about the June payment, which is scheduled for receipt on May 31, 2013, and other payment related items that may require plan action.

Recalculation of Certain Mandatory Payment Reductions in the Medicare Advantage and Part D Programs – Sequestration

Beginning April 1, 2013, payments made to Medicare Advantage Organizations (MAOs), Part D sponsors, and other programs will generally be reduced by two percent in accordance with the Balanced Budget and Emergency Deficit Control Act of 1985, as amended. This process of payment reduction is referred to as sequestration. CMS reports sequestration adjustments to plans on the monthly Plan Payment Report (PPR). Adjustments appear in the Special Adjustments section of the report with an Adjustment Type of “SEQ”.

When we initially determined which portions of the MA, Part D, and other program payments were subject to sequestration, we did not include the Rebate for Part B Premium Reduction and the Premium and Cost-Sharing Add-ons for PACE plans. However, we recently received a policy clarification indicating they are subject to sequestration. As a result, we will include reductions for those amounts in the monthly payments. We are also recomputing the sequestration reductions for the April and May payments to include reductions for the Rebate for Part B Premium Reduction and the Premium and Cost-Sharing Add-ons for PACE plans. The additional amounts deducted from plan payments are displayed as separate lines for April and May on the PPR.

2007 Part D Reconciliation Reopening

Results of the re-opening of the 2007 Part D Reconciliation appear in the June payment. The adjustment amounts appear on the PPR with an adjustment type of “PRS”.

Coverage Gap Discount (CGD) Invoice Offsets

The 2012 and 2013 CGD invoice offsets continue in the June payment. The adjustments appear on the PPR as CMS special adjustments with a type of “CGD”.

Prospective CGD Payment Issue

We recently identified an error in prospective CGD payments reported on the Monthly Membership Report (MMR). Our intention was to cease making adjustments to prospective CGD payments after January of the year following each payment year. For 2011, the last payment month for adjustments should have been January 2012. Unfortunately, the intended cutoff did not occur due to a system error, so plans may see adjustments to 2011 CGD prospective payments on MMRs received after January 2012.

To avoid reopening the 2011 CGD reconciliation processed in the May 2013 payment, we modified the cutoff for Payment Year 2011 by using the same cutoff date used in the reconciliation (i.e., December 2012). Adjustments to 2011 prospective CGD payments posted on MMRs after December 2012 will be reversed in a future cleanup.

Beginning with Payment Year 2012, we will return to the originally announced cutoff schedule. Adjustments to 2012 prospective CGD payments posted after January 2013 will also be reversed in a future cleanup.

We will provide additional information about the prospective CGD payment cleanups at a later date.

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

Plans participating in the Electronic Health Records (EHR) Incentive Program will receive the annual incentive payment for 2012 in the June 2013 payment. The incentive payment 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.

Adjustments for 2011 EHR Incentive Program payments should be included in the July 2013 payment.

Cleanup of Payments Related to Beneficiary Health Status Information

MARx processed another phase of a data clean-up intended to align plan payments to beneficiary health status information. Medicaid status was corrected in this phase. Plans will see the associated adjustments on the MMR under adjustment reason code 94 – Adjustment Due to Payment Cleanup.

Reconciliation of Plans that Terminated in 2011

CMS will soon begin conducting 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 CGD reconciliation completed in May 2013. Plans should begin receiving the results of these settlements in June 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

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