



**MEDICARE PLAN PAYMENT GROUP**

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**DATE:** September 24, 2013

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

**FROM:** Cheri Rice  
Director

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

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

**2009 – 2011 Risk Adjustment Reconciliation Re-Runs**

The risk adjustment reconciliations for 2009, 2010, and 2011 were rerun in the October payment. Plans will see the adjustments on their Monthly Membership Reports (MMRs) under adjustment reason code (ARC) 25 - Part C Risk Adjustment Factor Change/Recon, and ARC 37 – Part D Risk Adjustment Factor Change.

**Coverage Gap Discount (CGD) Offsets**

The 2012 and 2013 CGD invoice offsets continue in the October payment. The adjustments appear on the Plan Payment Report (PPR) as CMS special adjustments with a type of “CGD”.

**Prospective CGD Payment Issue**

We recently reported that some of the prospective CGD payments reported on MMRs were erroneously calculated. Although CMS intended to stop making adjustments to prospective CGD payments the January following a given payment year, the payment system continued to erroneously process adjustments after that date. For example, CMS continued to adjust 2011 CGD prospective payments 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). Beginning with Payment Year 2012, we will return to the originally announced cutoff schedule.

MARx processed a cleanup to reverse adjustments to 2011 prospective CGD payments posted after December 2012, and 2012 prospective CGD payments posted after January 2013. Plans will see these adjustments on the MMRs with ARC 94 – Special Payment Adjustment Due to Cleanup with the cleanup identifier RT2277522.

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  
MEDICARE PLAN PAYMENT GROUP  
DIVISION OF PAYMENT OPERATIONS (DPO)  
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