

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR MEDICARE

DATE: February 27, 2020

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

FROM: Jennifer R. Shapiro, Acting Director, Medicare Plan Payment Group

SUBJECT: Medicare Advantage/Prescription Drug System (MARx) March 2020 Payment – INFORMATION

This letter provides information about the March 2020 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on February 28, 2020.

Changes to MARx Plan Transaction Processing

Batch Input Transaction Data File Name

As announced in the *May 2019 Detailed Release Memo*, issued through the Health Plan Management System (HPMS) on 04/11/2019, CMS installed changes so that the Enterprise Identity Management (EIDM) User ID is used when sending the Batch Input Transaction Data File to MARx. In order for the Batch Input Transaction Data File to process successfully, and to receive a Batch Completion Summary Report (BCSS), plans should not submit files with the same date and time in the file name. This will cause a MARx system error and prevent the system from generating the BCSS.

Extension of the Transition Period for Submitting MARx Batch Input Header Record

CMS will extend the transition period end date from March 31, 2020 to June 30, 2020 when plan submitters can transmit both the old and new MARx Batch Input Detail submission files. After June 30, 2020, plan submitters will be required to submit files using the new format.

2014 Part D Reopening

CMS has completed the calculations for the reopening of the 2014 Final Part D Reconciliation and the results are included in the March 2020 payment. They appear on the Plan Payment Report (PPR) as a special adjustment type code “PRS.”

Coverage Gap Discount (CGD) Invoice Offsets

The 2019 CGD invoice offsets are included in the March 2020 payment. They appear in separate lines on the Plan Payment Report (PPR) with an adjustment type code “CGD.”

Frailty Factor Update

Payment year 2020 frailty scores for PACE organizations and FIDE-SNPs are posted to HPMS in the risk adjustment module, under “Survey Results for Frailty Adjustment.” Payments were calculated using the updated 2020 frailty factors for March, with retroactive adjustments back to January 2020.

The payment adjustments for January and February 2020 will appear on the March 2020 Monthly Membership Report (MMR) using Adjustment Reason Code (ARC) 18 – Part C Rate Change. Please note, for PACE organizations, the PACE default frailty score was used when we initially calculated the monthly payments for January and February 2020.

Medicaid Status Errors

On June 27, 2019, CMS systems erroneously removed Medicaid periods from its databases. This caused a lower payment to plans for some dual eligible beneficiaries in 2019. It also caused erroneous payment adjustments that lowered the 2017 and 2018 payments. This does not affect payments for 2020.

To remediate this issue, CMS completed the restoration of Medicaid data on 11/16/2019, and 2017 payment adjustments were included in the January 2020 payment.

MARx processed a data cleanup to resolve the incorrect 2018 payment adjustments, and the corrections are included in the March 2020 payment. The payment adjustments will appear on the March 2020 Monthly Membership Report (MMR) using Adjustment Reason Code (ARC) 94 – Adjustment Due to Cleanup with the Clean-Up Identifier of CS316797.

2019 payment adjustments will be included in the June 2020 payment as part of the 2019 final risk adjustment reconciliation.

Missing Low Income Subsidy (LIS) and Subsequent Initial Enrollment Period (IEP) Number of Uncovered Months (NUNCMO) Resets

According to 42 CFR §423.46, Medicare beneficiaries may incur a late enrollment penalty (LEP) if there is a continuous period of 63 days or longer at any time after the end of the individual’s Part D IEP during which the individual was eligible to enroll, but was not enrolled in a Medicare Part D plan, and was not covered under any other creditable prescription drug coverage. There are circumstances in which a creditable coverage period needs to be adjusted. The reasons for such adjustments include, but are not limited to: when the beneficiary becomes LIS-eligible and when a beneficiary incurs a subsequent Part D IEP. When a beneficiary attains a new LIS status or subsequent IEP, CMS policy states that the number of uncovered months (NUNCMO) should be reset to zero.

MARx processed a data cleanup to apply the appropriate NUNCMO resets for impacted beneficiaries. This cleanup was needed because MARx did not apply the appropriate reset NUNCMO automatically when detecting a beneficiary’s LIS or subsequent IEP status.

In some cases, the reset updates will cause a reduction in the late enrollment penalty (LEP) amount, and the beneficiary will be due a LEP refund. In approximately 8% of total cases, the

reset update resulted in additional uncovered months being added, and will cause the beneficiaries to owe additional LEP. 42 C.F.R. §423.466 provides the timeframes for Part D plans to process the adjustments and issue refunds or recovery notices to affected beneficiaries. The direct bill LEP refunds/charges will appear on the April 2020 Late Enrollment Penalty data file (LEPD), scheduled for distribution on March 24, 2020.

Because the data cleanup generated a large volume of Transaction Reply Codes (TRCs), CMS scheduled a Special Transaction Reply Report (STRR) with Cleanup ID “MEPS-132” for distribution on March 1, 2020. The STRR will contain the following TRCs:

- 177 (Change in Late Enrollment Penalty),
- 178 (Late Enrollment Penalty Rescinded),
- 218 (LEP Reset Undone),
- 290 (IEP NUNCMO Reset), and
- 295 (Low Income NUNCMO RESET)

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Automatic Number of NUNCMO Resets for Low Income Beneficiaries in U.S. Territory Part D Plans

CMS implemented a MARx system enhancement and a data conversion to automatically reset NUNCMO to zero for beneficiaries enrolled in a U.S. territory Part D sponsor, and who have a Medicaid eligibility status of full or partial dual.

Affected beneficiaries will be due LEP refunds. The direct bill LEP refunds will appear on the April, 2020 Late Enrollment Penalty data file (LEPD), scheduled for distribution on March 24, 2020.

Because the data cleanup generated a large volume of Transaction Reply Codes (TRCs), a Special Transaction Reply Report (STRR) with Cleanup ID “MEPS-170” is scheduled for distribution on March 1, 2020. The STRR will contain the following TRCs:

- 177 (Change in Late Enrollment Penalty),
- 178 (Late Enrollment Penalty Rescinded), and
- 295 (Low Income NUNCMO RESET)

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Questions or concerns about any of the information within this letter should be directed to the MAPD Help Desk at MAPDHelp@cms.hhs.gov, or 1-800-927-8069.