

DEPARTMENT OF HEALTH & HUMAN  
SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard  
Baltimore, Maryland 21244-1850



**CENTER FOR MEDICARE**

---

**DATE:** June 24, 2022

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

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

**SUBJECT:** Medicare Advantage/Prescription Drug System (MARx) July 2022 Payment – INFORMATION

This letter provides information about the July 2022 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on July 1, 2022.

This letter provides information about the July 2022 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on July 1, 2022.

**2022 Mid-Year Risk Adjustment Reconciliation**

The 2022 mid-year risk adjustment reconciliation adjustments are included in the July 2022 payment. The updated risk scores are based on diagnoses with dates of service from January 1, 2021 to December 31, 2021. The payment adjustments will appear on the July 2022 Monthly Membership Report (MMR) with Adjustment Reason Code (ARC) 26 – Mid-year Part C Risk Adjustment Factor Change, and ARC 41 – Part D Risk Adjustment Factor Change (ongoing).

**Sequestration Suspension**

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), enacted on March 27, 2020, suspended the sequestration of Medicare programs between May 1, 2020, and December 31, 2020. The Consolidated Appropriations Act, 2021, enacted December 27, 2020, extended this suspension for three more months, through March 31, 2021. H.R. 1868, enacted on April 14, 2021, further extended the suspension through December 31, 2021. Finally, the Protecting Medicare and American Farmers from Sequester Cuts Act, enacted on December 10, 2021, extended the suspension through March 31, 2022.

Based on the current statute, sequestration will continue to be suspended for retroactive adjustments made to payments for the months of May 2020 through March 2022. CMS is resuming sequestration reductions, in accordance with the revised amounts specified in the Protecting Medicare and American Farmers from Sequestration Cuts Act, beginning with April 2022 payment for Medicare Advantage, Programs of All-Inclusive Care for the Elderly,

Medicare-Medicaid Plans, section 1876 and 1833 cost-based Managed Care Organizations, and Part D. Specifically, CMS is sequestering 1 percent of prospective payments and adjustments for months April 2022 through June 2022 and 2 percent for months beginning with July 2022.

### **2022 Frailty Score Update**

In the September 9, 2020 HPMS memo titled, “Reporting Requirements for HEDIS® Measurement Year (MY) 2020, HOS, and CAHPS® Measures, and Information Regarding HOS and HOS-M for Frailty,” CMS announced that the HOS and HOS-M surveys will continue to be fielded on the August through November timeline in 2021 and going forward. As a result, Payment Year 2022 frailty score results have recently been posted to HPMS. Frailty scores for qualifying FIDE-SNPs will be incorporated into payment in July 2022. Due to technical issues, Payment Year 2022 frailty scores for PACE organizations will be incorporated into payment in August 2022. In the respective month, the frailty scores will be applied to both the prospective payment calculation and also to payments for prior months back to January 2022 as retroactive payment adjustments. The adjustments will appear on the Monthly Membership Report (MMR) using Adjustment Reason Code (ARC) 18 – Part C Rate Change.

### **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. 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 has extended the transition to December 2022, for plan submitters to use both the old and new MARx Batch Input Detail submission files.

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