

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

DATE: April 28, 2021

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

FROM: Rebecca R. Paul, Deputy Director, Medicare Plan Payment Group

SUBJECT: Medicare Advantage/Prescription Drug System (MARx) May 2021 Payment – INFORMATION

This letter provides information about the May 2021 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on April 30, 2021.

Missing LEP for 2021

Some direct bill beneficiaries incurred a late enrollment penalty (LEP) for 2021; however, the LEPs were not calculated and applied in MARx. The MARx software is updated and the prospective LEP charges began to appear on the April 2021 LEP data file. The retroactive LEP charges for January through March 2021 will appear on the May 2021 LEP data file using cleanup ID CS878238.

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 extends the suspension through December 31, 2021.

Because the April 2021 payment was already calculated and authorized before H.R. 1868 was enacted, the April 2021 payment reflected sequestration (i.e., does not account for the extension of the suspension). CMS will now apply the suspension of sequestration for the April 2021 payment through retroactive adjustments in the May 2021 payment. Sequestration will be suspended for May 2021 through December 2021 payments.

Based on the current statute, CMS will resume standard sequestration reductions beginning with January 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. Sequestration will continue to be suspended for retroactive payment adjustments included in the May 2021 payment for May 2020 through April 2021.

2021 Frailty Score Update

As announced in the March 13, 2020, Interim Final Rule, *Medicare and Medicaid Programs; Policy and Regulatory Revisions in Response to the COVID-19 Public Health Emergency* (CMS-1744- IFC), the 2020 Health Outcomes Survey (HOS) administration, originally scheduled for April through July 2020, was delayed. In the April 15, 2020, HPMS memo titled “Delay of the 2020 HOS & HOS-M Surveys for 2021 Frailty Score Calculation,” CMS announced the delay also applied to the Health Outcomes Survey-Modified (HOS-M). 2021 frailty score results are now posted in HPMS and will be applied to the June 2021 payment calculation. As announced in the HPMS memo “Medicare Advantage/Prescription Drug System (MARx) April 2021 Payment – INFORMATION,” retroactive payment adjustments will be made from January 2021 and appear on the Monthly Membership Report (MMR) using Adjustment Reason Code (ARC) 18 – Part C Rate Change. Please note that for PACE organizations, MARx will use the default frailty score from the prior year until the new frailty scores are received. For FIDE SNPs, no frailty scores will be applied until the new frailty scores are received.

Questions about the frailty adjustment can be directed to the Risk Adjustment Policy mailbox at RiskAdjustmentPolicy@cms.hhs.gov.

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 31, 2021, 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, or 1-800-927-8069.