

DEPARTMENT OF HEALTH &
HUMAN SERVICES
Centers for Medicare & Medicaid
Services 7500 Security Boulevard
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CENTER FOR MEDICARE

DATE: December 29, 2023

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) January 2024 Payment – INFORMATION

This letter provides information about the January 2024 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on January 2, 2024, and other payment related items that may require plan action.

Synchronizing Low Income Subsidy Periods with SSA

On November 8, 2023, a data cleanup was conducted to correct open-ended LIS periods that were out of sync with SSA records. New end dates to LIS periods were retroactively populated and plans received Transaction Reply Codes (TRC) 121 (Low Income Period Status) and 223 (Low Income Period Removed from Enrollment Period) on the November 10, 2023, Daily Transaction Reply Report (DTRR).

The November 8, 2023 data cleanup caused unanticipated beneficiary impact, resulting in some beneficiaries being notified of retroactive premium and/or cost-sharing amounts due. Because this beneficiary impact was a direct consequence of government data systems being out of sync, CMS is working through a process to resolve this issue.

Due to the timing of this issue coming to light, we understand that some beneficiaries have already received invoices from Part D plans requesting that they pay retroactive premium and cost-sharing amounts. Additionally, some plans may have updated their systems to begin administering the Part D benefit with respect to the affected beneficiaries with non-LIS premiums and cost-sharing.

CMS requests that, until you receive further notification from CMS, MA organizations and Part D sponsors pause any collection efforts for Part D premiums or cost-sharing for the beneficiaries impacted by the November 8, 2023 cleanup. Further, to the extent possible, we request that plans continue to administer the Part D benefit with respect to the affected beneficiaries with LIS-level premiums and cost-sharing by disregarding the Transaction Reply Codes (TRC) 121 (Low Income Period Status) with retroactive LIS end dates received on the

November 10, 2023 DTRR file or taking other, similar action. We recognize that this approach may result in Prescription Drug Event (PDE) submissions that are rejected. Plans will be notified when these rejected PDEs can be resubmitted.

The January 2024 payment to Part D plans will include a reduction in payments to reflect LIS status for beneficiaries as shown on the November 10, 2023 DTRR. CMS expects these payment reductions to be reversed once CMS has established a process to grant beneficiaries relief.

We apologize for this error and the inconvenience and confusion this has caused. Additional instructions will be forthcoming. Questions regarding this message can be sent to mapdhelp@cms.hhs.gov.

Update regarding risk scores for some dual eligible beneficiaries in Texas

In response to some plan inquiries, CMS has identified situations in which non-dual risk scores for some dual eligible beneficiaries in Texas have been applied. CMS has identified the issue and implemented a fix starting with payment in January 2024 going forward. CMS has also completed a data cleanup for 2023 months. The adjustments for 2023 will appear in the January 2024 MMR with Adjustment Reason Code (ARC) 10 (Retroactive Medicaid Status).

CY 2022 Part D Payment Reconciliation

The Part D reconciliation payment adjustment for 2022 is included in the January 2024 payment. The payment adjustments will be displayed on the Plan Payment Report (PPR) as Special CMS Adjustments with the TYPE "PRS."

National Medicare Education Campaign (NMEC) User Fees for 2024

Per section 1857(e)(2) of the Social Security Act ("the Act"), plans will be charged cost-sharing for enrollment related costs (the NMEC fee). CMS will begin collecting the monthly FY 2024 user fees in the January payment. The National Medicare Education Campaign (NMEC) user fee for MA-PD plans will be 0.024% for a total amount collected \$100.2 million. The NMEC user fee for PDPs will be 0.024% for a total amount collected \$8.5 million.

Coordination of Benefits (COB) User Fees for 2024

Per section 1860D-24(a)(3) of the Act and 42 C.F.R. § 423.464(c), CMS is authorized to impose user fees on Part D sponsors for the transmittal of information necessary for benefit coordination between sponsors and other entities providing prescription drug coverage. We review and update this user fee annually to reflect the costs associated with COB activities for the specific year. The 2024 COB user fee will be collected at a monthly rate of \$0.0833 for the first 9 months of the coverage year for a total user fee of \$0.75 per enrollee per year.

Sequestration Suspension

While the suspension of sequestration has ended, as required by the statute, we continue to apply the suspension of sequestration for retroactive payment adjustments made for the months of May 2020 through March 2022 and will sequester 1 percent of retroactive payment adjustments made for the months of April 2022 through June 2022 and 2 percent of payments and adjustments for months beginning with July 2022.

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.