

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

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**DATE:** December 29, 2020

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

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

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

This letter provides information about the January 2021 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on January 4, 2021.

**National Medicare Education Campaign (NMEC) User Fees for 2021**

Per section 1857(e)(2) of the Social Security Act, plans will be charged cost-sharing for enrollment related costs (the NMEC fee). CMS will begin collecting the monthly OACT-calculated FY 2021 user fees in the January 2021 payment. The National Medicare Education Campaign (NMEC) user fee for MA-PD plans will be 0.031% for a total amount collected of \$86.3 million. The NMEC user fee for PDPs will be 0.030% for a total amount collected of \$13 million.

**Coordination of Benefits (COB) User Fees for 2021**

Per section 1842(h)(3)(B) of the Social Security Act and in accordance with 42 CFR §§ 423.466 (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 2021 COB user fee will be collected at a monthly rate of \$0.1166 for the first 9 months of the coverage year.

**2021 Frailty Score Update**

As announced in 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). As a result, frailty score results will be posted in HPMS and incorporated into payment on or around May 2021. Once the scores are applied to the payment calculation, retroactive payment adjustments back to January 2021 will 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](mailto:RiskAdjustmentPolicy@cms.hhs.gov).

### **Sequestration**

As stated in the May 2020 Medicare Advantage/Prescription Drug System (MARx) Payment memo, released April 22, 2020, Section 3709 of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), enacted on March 27, 2020, suspended sequestration of Medicare programs between May 1, 2020 and December 31, 2020. The Consolidated Appropriations Act of 2021, enacted December 27, 2020, extended this suspension for three more months, through March 31, 2021. Because January payment was already calculated and authorized when this extension was enacted, the January 2021 prospective payment reflects sequestration (i.e., does not account for the extension of the suspension). We will apply the suspension of sequestration for January 2021 payment and apply retroactive adjustments in February. Based on the current statute, CMS will resume standard sequestration reductions in April 2021 payment. Sequestration will continue to be suspended for retroactive adjustments made to payments for months May – December 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 has extended the transition to June 30, 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](mailto:MAPDHelp@cms.hhs.gov), or 1-800-927-8069.