

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Beneficiary Choices
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MEDICARE PLAN PAYMENT GROUP

DATE: March 14, 2008

TO: All PACE Organizations

FROM: Thomas Hutchinson /s/
Director

**SUBJECT: Low Income Status Changes Causing Invalid Adjustments to PACE
Premium Add-on Amount and PACE Cost-Sharing Amount –
INFORMATION**

This letter provides information related to a systems error affecting PACE Part D Add-on payments.

Adjustments Issued under Adjustment Reason Code (ARC) 31 Appearing on the Monthly Membership Detail Data File (MMR)

A MARx System software error has been causing adjustments to the PACE Premium Add-On Amount and the PACE Cost-Sharing Add-On Amount under ARC 31.

ARC 31 adjustments are caused by changes in a beneficiary's Low Income Status and should not affect the PACE Add-On payment amounts (see Fields #79 and 80 of the MMR). The PACE Add-On payment amounts should only be affected by changes in enrollment.

The MARx System was fixed during January to prevent future ARC 31 adjustments from affecting the PACE Add-On payments and a project is underway to clean up the previous incorrect payments. We will provide further details about the cleanup as they become available.

Adjustments Issued under Adjustment Reason Code (ARC) 31 Appearing on the Plan Payment Report (PPR)

The APPS System was also modified at the same time to prevent PACE Add-On payments under ARC 31 (received from the MARx System) from inclusion in the plan payment. The new APPS System edit trapped some ARC 31 adjustments that were generated by MARx before the system was fixed in January.

As a result some PACE plans may see a discrepancy in the February 1st payment reports between the Total Part D Amount from ARC 31 adjustments reported on the MMR versus the PPR. The correct payment is reported on the PPR. Plans can account for the reporting discrepancy by summing the PACE Add-On payment amounts appearing under ARC 31 on the MMR. This sum should equal the difference between the MMR and the PPR amounts reported for ARC 31.

If you have any questions about the information in this letter please feel free to contact Bill Bucksten by email at William.Bucksten@cms.hhs.gov or by phone at (410) 786-7477.

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