



MEDICARE PLAN PAYMENT GROUP

DATE: April 29, 2008

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

FROM: Thomas Hutchinson /s/
Director

SUBJECT: Medicare Advantage Prescription Drug System (MARx) May 2008 Payment – INFORMATION

This letter provides information related to the May 2008 payment scheduled for May 1, 2008.

State and County Code (SCC) Clean-up Conducted – Adjustment Reason Codes (ARC) 04/05

A cleanup was conducted in your May payment to correct erroneous SCC adjustments for two small populations. The first group was ESRD beneficiaries that received a SCC adjustment that was netted against incorrect data. The second group was another small population for which duplicate SCC adjustments were incorrectly processed. If the prior adjustment needed to be offset, adjustment reason code (ARC) 05 was used on the Monthly Membership Report (MMR). If monies were due the plan, ARC 04 was used on the MMR. The amounts related to ARC 04 will be paid to you as an interim payment. The amounts related to ARC 05 will be offset at the contract level from your June payment.

Missing Payments Cleanup – Adjustment Reason Codes 18/36

Some MA-PD plans were missing Part A/B payments for enrolled members. In some cases, the Part D payments were incomplete. A cleanup was conducted to provide these missing dollars in your May payment. On the MMR, ARC 18 was used for the Part A and B dollars and ARC 36 was used for the Part D dollars.

Employer Plans Part D 2006 Rebate – Additional Cleanup

Some MA-PD employer plans due a Rebate for Part D Basic Premium Reduction in 2006 will receive a payment for an additional cleanup in the May payment. Most of the cleanup was performed in the third quarter of 2007, however in a small number of cases adjustments were overlooked during the 2007 cleanup. Affected plans will see these additional cleanup adjustments on the MMR under ARC 36.

S2P Demographic Reversals in June Payment

Offsets related to S2P reconciliations were processed in your September 2007 payment. These offsets omitted some claims that our contractor, Public Consulting Group, forwarded to plans for processing. An additional offset will be included in the June 2008 payment for plans with S2P claim amounts (as documented on S2P PDEs) that are greater than the September offset.

Premium Withhold Cleanups

The results of three premium withhold cleanups from the alignment of CMS and SSA data, are included in your May payment. The results are contained in three MPWEs that will be transmitted after the May monthly MPWE as described below. Note that the 2006 and 2007 plan payment adjustment files will include corrections to duplicate payments and offsets made for some of your members after October 2007.

- **2006 plan payment adjustments** involving approximately 60,000 beneficiaries. The associated MPWE will be sent to the affected plans on 5/2.
- **2007 plan payment adjustments** involving approximately 200,000 beneficiaries. The associated MPWE will be sent to the affected plans on 5/6.
- **2006 direct bill beneficiaries** involving approximately 1400 beneficiaries. The associated MPWE will be sent to the affected plans on 5/5 and the May monthly TRR will contain the reply codes 144.

If you have any questions about the information in this letter please feel free to contact your DPO representative per the attached list.

If you have questions on the S2P Demographic Reversals, please contact Sandra Anderson at 410.786.5643 or Sandra.Anderson@cms.hhs.gov.

Attachment

cc: Mr. Mark Loper, CMS
Ms. Marla Kilbourne, CMS
Mr. David Lewis, CMS
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