



## **MEDICARE PLAN PAYMENT GROUP**

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**DATE:** August 5, 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) August 2008 Payment – INFORMATION**

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

### Final 2007 Risk Adjustment Reconciliation

The final reconciliation of 2007 Part C and Part D risk adjustment payments was processed in the August payment. Plans will see adjustments on the MMR under adjustment reason codes 26 (for Part C) and 41 (for Part D).

### Resend May – July 2008 Plan Payment Reports (PPRs) – Data File Format

Due to a systems error, some plans may have received PPRs for May, June and July 2008 that were inconsistent between the report and the data file formats. The report formats were correct in all cases. To address this issue, CMS has regenerated the PPR files and will resend them on or about August 4.

### Medicare Secondary Payer (MSP) Catch-Up Adjustments

Thirty-one plans failed to have any deductions for MSP in 2008 due to a systems issue. This has been corrected for the August payment. In addition, a CMS adjustment to collect amounts that should have been deducted between January and July has also been processed in the August payment. Both of these amounts appear on your plan payment report.

### 2006 Premium Reconciliation – Beneficiary Refunds

As you know, the 2006 premium reconciliation is now final. Some plans may have received premiums from CMS for members that had also paid these premiums to the plan. CMS will not be deducting these premiums from future plan payments; therefore, plans should refund these premiums to their impacted members.

### Special Premium Reconciliation Files

We have received recent communications from plans stating that they or their members are missing premium payments. Plans should review the attached list of special Monthly Premium Withhold Extracts/Reports (MPWEs) to ensure a complete review. Please check those files for missing premium amounts prior to contacting their DPO representative with issues. In addition, plans should review the special plan premium reconciliation (PPR) files to determine appropriate action necessary for those

members. Please refer to the June plan payment letter for a description of each of the scenarios contained on each file.

Change in the MSP Computation Percentage

For 2009, the nonESRD MSP computation percentage is changing from .215 to .174. This percentage is used in the computation of your annual contract-level MSP factor. We are republishing the formula in this letter to clarify where this percentage is used.

**COMPUTATION OF MSP FACTORS TO BE USED IN 2009 PAYMENT**

- For each plan, CMS re-computes the March 2008 payment for all nonESRD/nonHospice members without considering MSP status (Amt A).
- For each plan, CMS re-computes the March 2008 payment considering members as MSP if they were reported as such by the plan OR if any of the Non respondents were found to be MSP on the MBD (Amt B).
- CMS then uses these dollar amounts to compute the contract-level factors as follows

$$\text{Contract-level MSP Factor} = \frac{A - B}{A}$$

WHERE:

B = **sum of prospective payment dollars for all enrollees (except Hospice and ESRD) in the contract, calculating payment for MSP beneficiaries by multiplying their payment by .174.**

A = sum of prospective payment dollars for all enrollees (except Hospice and ESRD) in the contract, calculating payment for MSP beneficiaries at “non-MSP” rates.

- For each plan, CMS multiplies these factors by the total prospective payment amounts for all nonhospice/nonESRD members each month.
- The resulting amounts are subtracted from the plan’s monthly payment as shown on the plan payment report.

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

Attachment

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

Ms. Cheri Rice, CMS  
DPO

## ***LIST OF SPECIAL MPWE FILES***

This table presents the filenames and the payment date for the special MPWES. Please refer to the June 2008 plan payment letter for more information.

<b>MARx Filename</b>	<b>File Type</b>	<b>Payment Date</b>
<b>MPWRD DSN Plan Specific</b>		
<b>P#MMA.@BGD5050.PLN</b>		
<b>xxxxx.Rmmyyyz.MPWR</b>		
<b>D [xxxxx = Plan #]</b>		
<b>[mmyyyy = Pay Date] [z</b>		
<b>= File Letter</b>		
R122006A	MWPE/MPWRD	2006-12
R092007A	MWPE/MPWRD	2007-09
R102007A	MWPE/MPWRD	2007-10
R112007	MWPE/MPWRD	2007-11
YM200805.D02.SPCLMPW	MWPE/MPWRD	2008-05
YM200805.D05.SPCLMPW	MWPE/MPWRD	2008-05
YM200805.D06.SPCLMPW	MWPE/MPWRD	2008-05
R062008.MPWRDSPL	MWPE/MPWRD	2008-05-22
YM200806.D25.SPCLMPW	MWPE/MPWRD	2008-06

## ***LIST OF PLAN PREMIUM REPORT (PPR) FILES***

This table presents the PPR filenames and the delivery month. Please refer to the June 2008 plan payment letter for more information.

<b>MARx Filename</b>	<b>File Type</b>	<b>Payment Date</b>
<b>[P#MMA.@BGD5050.PL N*.]</b>		
YM200710.D02.SPCLSUM	PPR Summary	2007-10
YM200710.D02.SPCLDTL	PPR Detail	2007-10
YM200710.D01.SPCLSUM	PPR Summary	2007-10
YM200710.D01.SPCLDTL	PPR Detail	2007-10
YM200710.D29.SPCLSUM	PPR Summary	2007-10
YM200710.D29.SPCLDTL	PPR Detail	2007-10
YM200711.D02.SPCLSUM	PPR Summary	2007-11
YM200711.D02.SPCLDTL	PPR Detail	2007-11
YM200711.D01.SPCLSUM	PPR Summary	2007-11
YM200711.D01.SPCLDTL	PPR Detail	200-711
YM200710.D31.SPCLSUM	PPR Summary	2007-11
YM200710.D31.SPCLDTL	PPR Detail	2007-11
YM200710.D30.SPCLSUM	PPR Summary	2007-11
YM200710.D30.SPCLDTL	PPR Detail	2007-11
YM200805.D05.SPCLSUM	PPR Summary	2008-05
YM200805.D05.SPCLDTL	PPR Detail	2008-05
YM200805.D02.SPCLSUM	PPR Summary	2008-05
YM200805.D02.SPCLDTL	PPR Detail	2008-05
YM200806.D04.SPCLSUM	PPR Summary	2008-06
YM200806.D04.SPCLDTL	PPR Detail	2008-06

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