

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Medicare  
7500 Security Boulevard, Mail Stop C1-13-07  
Baltimore, Maryland 21244-1850



**MEDICARE PLAN PAYMENT GROUP**

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**DATE:** July 31, 2018

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

**FROM:** Jennifer Harlow /s/  
Deputy Director, Medicare Plan Payment Group

**SUBJECT: Medicare Advantage/Prescription Drug System (MARx) August 2018 Payment – INFORMATION**

This letter provides information about the August payment, which is scheduled for receipt on August 1, 2018, and other payment related items that may require plan action.

**No Software Release for MARx:**

Please be advised that an announcement letter for the August 2018 Software Release will not be issued; there are no pertinent system updates scheduled for August 2018 that require Plan attention.

**2018 Mid-Year Risk Adjustment Reconciliation**

The 2018 mid-year risk adjustment reconciliation adjustments are included in the August 2018 payment. The updated risk scores are based on diagnoses with dates of service from January 1, 2017 to December 31, 2017. The payment adjustments will appear on the August 2018 Monthly Membership Report (MMR) with Adjustment Reason Code (ARC) 26 – Mid-year Part C Risk Adjustment Factor Change, and ARC 41 – Part D Risk Adjustment Factor Change (ongoing).

**Second 2016 Final Risk Adjustment Reconciliation**

The second final 2016 risk adjustment reconciliation adjustments are included in the August 2018 payment. The updated risk scores are based on diagnoses with dates of service from January 1, 2015 to December 31, 2015. The payment adjustments will appear on the August 2018 Monthly Membership Report (MMR) with Adjustment Reason Code (ARC) 25 – Part C Risk Adjustment Factor Change/Recon, and ARC 37 – Part D Risk Adjustment Factor Change.

**Number of Uncovered Months (NUNCMO) Reset Record Data Cleanup**

A MARx data clean-up was conducted to remove extraneous NUNCMO reset records. The resulting retroactive adjustment to Late Enrollment Penalty (LEP) amounts for beneficiaries with Premium Payment Option (PPO) of Direct Self Pay will be located on the August LEP data file with Clean-up ID RT3381980. Affected beneficiaries with PPO of Deduct from SSA Benefit will be processed in a subsequent clean-up.

### **2017 Interim Final Model Run ESRD Model Output Reports (MOR)**

The MORs for the 2017 interim final payment were released at the end of May. CMS identified a technical issue that affected values for all HCC and Age group fields in the ESRD MOR Record Types “E” and “G.” The technical issue resulted in all HCC & Age groups fields being populated with 0 (zero) values, when some of the fields should have been populated with a 1 (one). The technical issue is isolated to record types “E” and “G” for the ESRD and ESRD Post-Graft model. There were no impacts to the other model output report record types (listed below for reference):

- “B” (PACE and PACE-ESRD Post-Graft)
- “D” and “H” (CMS-HCC Aged/Disabled [non-PACE and non-ESRD])
- “2”, “4,” and “5” (RxHCC)

Please note that the record layouts that were included in the March 12, 2018 HPMS memo are accurate. The ESRD MOR technical issue was isolated to the population of the fields identified above. The issues have since been resolved and replacements of the MOR record types “E” and “G” for 2017 are being prepared for redistribution with corrected data for the fields. Please note that there are MORs for three different model runs that CMS is sending in August 2018: the 2018 monthly MORs have already been sent to plans, while the 2016 second final MORs and the 2017 interim final corrected MOR record types “E” and “G” will be released in the near future.

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.

cc: DPO Representatives  
Director, DPO  
MAPD Customer Support