

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Beneficiary Choices  
7500 Security Boulevard, Mail Stop S3-16-16  
Baltimore, Maryland 21244-1850



## **MEDICARE PLAN PAYMENT GROUP**

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**DATE:** September 4, 2007

**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) September Payment – INFORMATION**

This letter provides information related to the September 2007 payment which will be received on August 31, 2007.

### 2006 Premium Reconciliation Adjustments

The initial phase of the premium reconciliation has been completed. For the most part, this phase resulted in refunds to beneficiaries and resultant adjustments to plan payments. Three scenarios are involved:

- The beneficiary received a refund and owes all or a portion of that refund to the plan.
- The beneficiary received a refund and the plan owes the beneficiary additional monies.
- The beneficiary's withholding was accurate and received no refund; but the plan's payment needs to be adjusted.

To assist you in reconciling these payments, you received two MPWEs this month. One will contain the normal monthly premium payments. The second file will contain the results of the reconciliation. The file names are as follows:

MPWE for Regular Monthly Adjustments  
P#MMA.@BGD5050.PLN\*.R092007.MPWRD

MPWE for 2006 Premium Reconciliation  
P#MMA.@BGD5050.PLN\*.R092007A.MPWRD

The results of these 2 extracts are combined at the contract level on the plan payment report. Note that in late September, a report containing the results of all of the premium reconciliation processing will be provided.

#### Resynchronization of Enrollment, Payment and Premium Data

A clean-up to synchronize the data between the enrollment, payment and premium tables in MARx was conducted. The scope of this resynchronization was enrollment periods that fell between February 2005 and August 2007. No transaction replies will be created unless a beneficiary was in premium withholding status and the processing will result in more than \$200 withheld. In these cases, transaction reply code 144 was sent on the September monthly TRR.

Payment adjustments are shown on the September MMR; i.e., adjustment code 02 will be payments owed to you and adjustment code 03 will be payments deducted from you based on this resynchronization. More information is contained in the HPMS letter dated August 16, 2007 entitled, "Resynchronize Payment and Premium Data with Enrollment Data".

#### Recoupment of Interim Payments Made Due to 2006 Systems Issues

As previously notified, recoupments of interim payments made to plans to address 2006 system errors were processed in the September payment. The recoupments are posted on the Plan Payment Report as a CMS plan-level adjustment.

#### Offsets Due to S2P Reconciliation

On June 30, 2007, the Centers for Medicare & Medicaid Services (CMS) concluded the section 402 State-to-Plan reconciliation demonstration project. Part D plan sponsor payments associated with the accepted claims were entered into a liability report which CMS will use to adjust the Automated Plan Payment System payments for the month of September. The CMS Plan Payment Report will provide a description of the offset as **"Recovery of S2P Demo Paid Amounts."** In the event the amount withheld is more than a Part D Plan sponsor's monthly APPS payment, CMS will offset the entire payment for one month, and partially for the next month.

In mid-June, we instructed our contractor (Public Consulting Group) to cease reprocessing demonstration claims that rejected from the plans since further efforts to adjudicate these claims and recover amounts from the plans would not materially change reconciliation results. For reasons explained in CMS' July 13, 2007 memorandum to all Part D plans, "2006 PDE Submission after July 30, 2007 Deadline," we do not believe that plans have been materially advantaged or disadvantaged by our curtailment of demonstration claim adjudication by the plans.

If you have further questions regarding the specific withhold amounts, please contact Christine Hinds at [Christine.Hinds@cms.hhs.gov](mailto:Christine.Hinds@cms.hhs.gov).

#### NMEC and COB User Fees

September is the last month for the user fees to be collected this year. The MA-PD NMEC user fee % changed from .059 to .08084. The PDP NMEC user fee % changed from .065 to .12978. There may be some slight differences in the individual plan amounts collected due to rounding; however, the total amounts collected equaled the legislated amounts (\$39.1M for MA/MA-PDs and \$18.4M for PDPs). The COB user fee increased to 16 cents from 15 cents.

#### Date of Death Clean-Up

A clean-up to create payment adjustments related to dates of death was conducted and the results are included in the September payment. Since this clean-up involved only a small number of deceased beneficiaries with older dates of death, no transaction replies will be produced; however, there are payment adjustments with a reason code 01 on the MMR.

#### Medicare Secondary Payer (MSP) Survey Process for 2008 Payments

Instructions were released on August 7, 2007 via HPMS, for the MSP survey process to be conducted this year, using the March 2007 MMR membership. The letter was titled "Clarification of the Submittal Process for Medicare Secondary Payer (MSP) Survey Data for 2007". Please review it carefully prior to submitting your data. The excel format contained in this letter must be followed or CMS will consider your entire membership as non-respondent.

If you have any questions or issues with items in this letter other than offsets for S2P, please feel free to contact your Division of Payment Operations representative per the attached list.

Attachment

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

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