

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:** June 29, 2011

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

**FROM:** Cheri Rice /s/  
Director

**SUBJECT: Medicare Advantage Prescription Drug System (MARx) July 2011 Payment  
– INFORMATION**

This letter provides information regarding the July payment, scheduled for receipt on July 1, 2011, and other payment related items that may require plan action.

### **Mid-Year Risk Adjustment Factors Update**

The mid-year update of the 2011 Part C and D risk adjustment factors was processed in the July payment. The adjustments are reported as Adjustment Reason Codes (ARC) 26 and 41 on the Monthly Membership Reports (MMR).

### **ESRD and Adjustment Reason Code 22**

A problem has occurred causing a small number of ESRD beneficiaries to be erroneously disenrolled and the payments to be taken back. For these ESRD members, the prior commercial indicator is being ignored causing the enrollment to be cancelled. As a result, ARC 22 (Disenrolled due to prior ESRD) and Transaction Reply Code (TRC) 015 (Enrollment cancelled) are being reported. The error has been fixed so no new erroneous disenrollments will occur. The cleanup to re-enroll the impacted beneficiaries and generate payments to the affected Plans will occur in the August payment.

### **Missing Coverage Gap Discount (CGD) Payments**

MARx was not including the CGD amount in the Part D payment for some beneficiaries that were entitled to it. The error is corrected and a cleanup has been processed to refund plans for these missing payments. The affected Plans will see the adjustments reported with ARCs 18 and 36 on the MMRs.

**CGD Invoice Processing**

Plans are paid an estimated CGD amount each month for their current Part D members. CMS offsets the upfront payments by invoicing participating prescription drug manufacturers after completion of the CGD payment cycle, and subsequently recovers the invoiced amounts. These offsets appear as CMS adjustments on the Plan Payment Reports (PPR).

**Division of Payment Operations (DPO) Representatives**

Plans should review the attached listing of DPO Representatives to ensure the proper contact is made for assistance. Some of the assignments have changed. Remember to contact your DPO Representative directly if you have possible errors to report or questions concerning payment or premium withhold processes, issues or documentation.

**Completed Correction to the Greater than 36-month Payment Adjustments**

As previously reported, between January and March 2011, several enrollment clean ups were processed to correct data that sometimes went back to enrollment periods beyond 36 months. Some but not all of these erroneous adjustments were corrected in the June payment. The remaining corrections are included in the July payment.

**Railroad Retirement Board and Premium Withholding**

Effective immediately, plans may submit premium withhold requests for their Railroad Retirement Board (RRB) enrollees. The process to request premium withhold from RRB is the same as a request for SSA premium withhold except the Premium Payment Option (PPO) field should be R.

Please remember that any premium withhold request, whether submitted to SSA or RRB, will only be processed for a prospective date. If an initial request is not processed by RRB and requires resubmission, the effective date must be adjusted to be no earlier than the current payment month.

Please contact the appropriate DPO Representative (list attached) with questions about information in this letter or assistance with other payment or premium related issues. Thank you.

cc: DPO Representatives  
Director, DPO  
MAPD Customer Support

DIVISION OF PAYMENT OPERATIONS (DPO)  
REGIONAL ASSIGNMENTS

Boston and Kansas City:	Terry Williams (410) 786-0705 <a href="mailto:Terry.Williams@cms.hhs.gov">Terry.Williams@cms.hhs.gov</a>
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