

DEPARTMENT OF HEALTH & HUMAN
SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



CENTER FOR MEDICARE

DATE: May 27, 2022

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

FROM: Jennifer R. Shapiro, Director, Medicare Plan Payment Group

SUBJECT: Medicare Advantage/Prescription Drug System (MARx) June 2022 Payment – INFORMATION

This letter provides information about the June 2022 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on June 1, 2022.

2021 Interim Final Risk Adjustment Reconciliation

The interim final 2021 risk adjustment reconciliation adjustments are included in the June 2022 payment. The updated risk scores are based on diagnoses with dates of service from January 1, 2020, to December 31, 2020. The payment adjustments will appear on the June 2022 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.

As announced in the January 10, 2022, HPMS memo, “Deadline Reminder for Submitting Risk Adjustment Data for Use in Risk Score Calculation Runs for Payment Years 2021,” CMS will conduct a final 2021 Risk Adjustment Reconciliation in late 2022, using diagnoses with dates of service from January 1, 2020, to December 31, 2020, submitted through August 1, 2022.

Coverage Gap Discount (CGD) Invoice Offsets

The CGD invoice offsets are included in the June 2022 payment. There are offsets for 2021 and 2022. They appear in separate lines on the Plan Payment Report (PPR) with an adjustment type code “CGD.”

Sequestration Suspension

The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), enacted on March 27, 2020, suspended the sequestration of Medicare programs between May 1, 2020, and December 31, 2020. The Consolidated Appropriations Act, 2021, enacted December 27, 2020, extended this suspension for three more months, through March 31, 2021. H.R. 1868, enacted on April 14, 2021, further extends the suspension through December 31, 2021. The Protecting

Medicare and American Farmers from Sequester Cuts Act, enacted on December 10, 2021, extended the suspension through March 31, 2022.

Based on the current statute, sequestration will continue to be suspended for payment adjustments through March 2022 payments. CMS is resuming sequestration reductions, in accordance with the revised amounts specified in the Protecting Medicare and American Farmers from Sequestration Cuts Act, beginning with April 2022 payment for Medicare Advantage, Programs of All-Inclusive Care for the Elderly, Medicare-Medicaid Plans, section 1876 and 1833 cost-based Managed Care Organizations, and Part D. Specifically, CMS is sequestering prospective payments and adjustments by 1 percent beginning April 1, 2022, and beginning in July 2022, ongoing sequestration will be 2 percent.

2022 Frailty Score Update

In the September 9, 2020 HPMS memo titled, “Reporting Requirements for HEDIS® Measurement Year (MY) 2020, HOS, and CAHPS® Measures, and Information Regarding HOS and HOS-M for Frailty,” CMS announced that the HOS and HOS-M surveys will continue to be fielded on the August through November timeline in 2021 and going forward. As a result, Payment Year 2022 frailty score results will be posted in HPMS and incorporated into payment in July 2022. Once the scores are applied to the payment calculation, retroactive payment adjustments back to January 2022 will appear on the Monthly Membership Report (MMR) using Adjustment Reason Code (ARC) 18 – Part C Rate Change. Please note that for PACE organizations, MARx will use the default frailty score from the prior year until the new frailty scores are received. For FIDE SNPs, no frailty scores will be applied until the new frailty scores are received.

Changes to MARx Plan Transaction Processing

Batch Input Transaction Data File Name

As announced in the May 2019 Detailed Release Memo, issued through the Health Plan Management System (HPMS) on 04/11/2019, CMS installed changes so that the Enterprise Identity Management (EIDM) User ID is used when sending the Batch Input Transaction Data File to MARx. For the Batch Input Transaction Data File to process successfully, and to receive a Batch Completion Summary Report (BCSS), plans should not submit files with the same date and time in the file name. This will cause a MARx system error and prevent the system from generating the BCSS.

Extension of the Transition Period for Submitting MARx Batch Input Header Record

CMS has extended the transition to December 2022, for plan submitters to use both the old and new MARx Batch Input Detail submission files.

Questions or concerns about any of the information within this letter should be directed to the MAPD Help Desk at MAPDHelp@cms.hhs.gov, or 1-800-927-8069.