

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



CENTER FOR MEDICARE

DATE: May 22, 2019

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

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

SUBJECT: Medicare Advantage/Prescription Drug System (MARx) June 2019 Payment – INFORMATION

This letter provides information about the June 2019 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on May 31, 2019.

2019 Mid-Year Risk Adjustment Reconciliation

The 2019 mid-year risk adjustment reconciliation adjustments are included in the June 2019 payment. The updated risk scores are based on diagnoses with dates of service from January 1, 2018 to December 31, 2018. The payment adjustments will appear on the June 2019 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).

Coverage Gap Discount Payment Discrepancies for June 2019 Payment

The June 2019 payment will contain Part D payment processing errors regarding the Coverage Gap Discount (CGD). The payment errors will be reflected in data fields within the Monthly Membership Report (MMR), Monthly Membership Summary, and Plan Payment Report (PPR). The June prospective payments will not include a CGD amount for non-LIS beneficiaries as they should, and there are also incorrect retroactive adjustments. Because the CGD adjustment occurs along with the update to the mid-year risk scores, the incorrect retroactive payment adjustments will be reflected on the reports using the adjustment reason code (ARC) 41 (Part D RA Factor Change, ongoing, mid-year). CGD payment adjustments go back as far as January 2019.

As a result of this processing error, a software fix will be installed and a data cleanup will be processed before the July 2019 payment cutoff (June 7, 2019). This way, the CGD data can be reprocessed and calculated correctly for the July 2019 payment.

In the June 2019 payment, CMS will compensate for the erroneous CGD payment adjustment by applying two (2) special adjustments to all affected plans' payment: one for the missing prospective CGD payment, and one adjusting the retroactive CGD recoupment. The details regarding these special adjustments in the Special Adjustment Section of the Plan Payment Report uses Source "CGD".

Plans should expect to see discrepancies in the following areas of MARx:

MMR Data File:

- The MMR will contain an ARC 41 (Part D RA Factor Change, ongoing, mid-year)
- The ARC 41 adjustment row on the MMR may contain a negative amount that is the net of the mid-year risk score update and the CGD adjustment (this is the recoupment)
- The MMR Field 29 and 30 (Start and End Date of Payment Adjustment) could encompass a period as far back as January 2019, up to May 2019.
- On the MMR, the June 2019 prospective payment row may not display a CGD amount in Field 85 (Coverage Gap Discount Amount – Part D)

Monthly Membership Summary Report:

- ARC 41 (Part D RA Factor Change, ongoing, mid-year) may contain a negative adjusted dollar amount for non-Low Income beneficiaries, due to the netting out of the erroneous CGD adjustment.

Plan Payment Report:

- ARC 41 (Part D RA Factor Change, ongoing, mid-year) may contain a negative adjusted dollar amount for non-Low Income beneficiaries due to the netting out of the CGD adjustment.
- Sequestration dollars allocate back to the plan payment instead of a deduction.

MARx UI:

End users of MARx will view data as displayed below (in the Payment tab).

Payment Date	Type	Description	Adjustment Code	Payment Adjustments				Paid for Month	Paid Flag	Cleanup ID
				Part A	Part B	Part D	Total			
• 06/01/2019	PAYMENT	TOTAL		\$0.00	\$0.00	\$81.26	\$81.26			
• 06/01/2019	ADJUSTMENT	TOTAL	-	\$0.00	\$0.00	(\$77.94)	(\$77.94)			
06/01/2019	ADJUSTMENT	TOTAL	41-PART D RISK ADJUSTER FACTOR CHANGE/ONGOING	\$0.00	\$0.00	(\$77.94)	(\$77.94)			

Adjustments – 41 Part D RISK ADJUSTER FACTOR CHANGE/ONGOING

Payment Date	Type	Description	Adjustment Code	Payment Adjustments				Paid for Month	Paid Flag	Cleanup ID
				Part A	Part B	Part D	Total			
06/01/2019	ADJUSTMENT	PART D COVERAGE GAP DISCOUNT	41-PART D RISK ADJUSTER FACTOR CHANGE / ONGOING	\$0.00	\$0.00	(\$38.97)	(\$38.97)	05/01/2019	Y	

• 06/01/2019	ADJUSTMENT	TOTAL	41-PART D RISK ADJUSTER FACTOR CHANGE/ONGOING	\$0.00	\$0.00	(\$38.97)	(\$38.97)	05/01/2019	Y	
06/01/2019	ADJUSTMENT	PART D COVERAGE GAP DISCOUNT	41-PART D RISK ADJUSTER FACTOR CHANGE/ONGOING	\$0.00	\$0.00	(\$38.97)	(\$38.97)	04/01/2019	Y	
• 06/01/2019	ADJUSTMENT	TOTAL	41-PART D RISK ADJUSTER FACTOR CHANGE/ONGOING	\$0.00	\$0.00	(\$38.97)	(\$38.97)	04/01/2019	Y	

TRC 253 - No Premiums Withheld

In January 2019, MAOs and Part D sponsors submitted Premium Payment Option (PPO) equal to “SSA” in order for their members to have premiums withheld from their Social Security benefits. These transactions were processed by the Medicare Advantage Prescription Drug (MARx) system yet were not processed by the Social Security Administration (SSA). This resulted in Part C and Part D premiums not withheld from members’ SSA benefit checks as well as CMS not making premium payments to Medicare Advantage Plans and Prescription Drug Sponsors.

Because of scheduling and timing for SSA to process premium transactions in its system, a two month lag time for CMS receiving SSA responses is built into the MARx premium logic, meaning, if SSA systems have not responded to MARx within the two month lag period, and no premiums have been collected by SSA and sent to CMS, MARx will automatically change the member’s PPO from SSA withhold to Direct Bill. In this circumstance, plans received a Transaction Reply Code (TRC) “253” defined as follows:

253	M	Changed to Direct Bill; no Funds Withheld	W/O CHG;NO W/H	<p>CMS has changed the PPO to “D-Direct Bill” because no funds have been withheld by the withholding agency in the two months since withholding was accepted.</p> <p>Plan Action: Update the Plan’s beneficiary records to reflect the direct bill payment method. Take the appropriate actions with member as per CMS enrollment guidance.</p>
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In the case where a plan received a TRC 253, the plan should resubmit a PPO change transaction code (TC) “75” to prospectively set the PPO back to SSA withhold going forward. Yet, the months for which the member is set to Direct Bill, plans should follow CMS guidance to update their records and bill the member accordingly.

Plans that have a policy to disenroll members for failure to pay premiums are reminded that their grace period for premium payment, which must be no less than two full calendar months in

length, cannot start until they have billed the member for the delinquent premium(s) and provided the member an opportunity to pay. Additionally, when requesting payment for past months, plans must offer a payment plan and allow the past due premiums to be paid over a period of time that is at least as long as the delay in billing. In doing so plans can avoid invoking their policy of disenrollment for failure to pay premiums while the member is adhering to the payment plan.

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.