

DEPARTMENT OF HEALTH & HUMAN
SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR MEDICARE

DATE: July 29, 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) August 2022 Payment – INFORMATION

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

Incarceration and Not Lawfully Present Notifications

In the June 9th, 2022 HPMS memo titled, “Update Announcement of June 26, 2022 Software Release – Disenrollment for Individuals Who Are Incarcerated and Not Lawfully Present in the United States,” CMS announced that MARx will act to automatically involuntarily disenroll incarcerated individuals with a Medicare Plan ineligibility period that overlaps the individual’s enrollment in a Plan for the years 2019 through 2022. However, MARx erroneously processed disenrollments for incarceration periods that were earlier than 2019. The payment adjustments that correspond to all disenrollments appear on the August 2022 Monthly Membership Report (MMR) with Adjustment Reason Codes (ARC) 65 (Confirmed Incarceration) and ARC 66 (Not Lawfully Present). Beneficiaries who are reinstated into their plan due to the ending of their incarceration period will appear on the MMR with an adjustment reason code (ARC) 02 (Retroactive Enrollment). Reinstatement of pre-2019 enrollments will be announced in a future month.

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 extended the suspension through December 31, 2021. Finally, 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 retroactive adjustments made to payments for the months of May 2020 through March 2022. 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 1 percent of prospective payments and adjustments for months April 2022 through June 2022 and 2 percent for months beginning with July 2022.

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. Frailty scores for qualifying FIDE-SNPs were incorporated into payment for July 2022. Due to technical issues, Payment Year 2022 frailty scores for PACE organizations will be incorporated into payment in August 2022, and retroactive payment adjustments back to January 2022 will appear on the MMR using Adjustment Reason Code (ARC) 18 – Part C Rate Change.

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.