

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:** April 22, 2014

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

**FROM:** Cheri Rice  
Director

**SUBJECT: Medicare Advantage Prescription Drug System (MARx) May 2014 Payment – INFORMATION**

This letter provides information about the May payment, which is scheduled for receipt on May 1, 2014, and other payment related items that may require plan action.

**Improper Late Enrollment Penalty (LEP) Refunds**

MARx processed a cleanup to retract incorrect LEP refunds made to the plans. The cleanup only affected beneficiaries in direct-bill status. The adjustments will appear on the May 2014 LIS/LEP report.

**Rejected Premium Payment Option (PPO) Change Transactions**

Plans reported that MARx was incorrectly rejecting withhold requests with transaction reply code (TRC) 191 – No Change in Premium Withhold Option. The impacted beneficiaries had “No Premium” premium payment options even though premiums were due. The system issue has been resolved and a cleanup of the outstanding cases has been processed. The cleanup changed the premium payment options to “Direct Bill” and plans have been notified by TRC 144 – Premium Withhold Option Change to Direct Bill. Some of the beneficiaries owed an LEP after the cleanup, which will be collected on the May LIS/LEP report.

**Recovery Audit Contractor (RAC) Reversals**

Some of the RAC offsets that were processed in the January and April 2014 payments will be reversed in the May 2014 payment. Impacted plans will see the adjustments on the Plan Payment Report under adjustment type RAC. Questions about these reversals should be directed to Delois Newkirk at [Delois.Newkirk@cms.hhs.gov](mailto:Delois.Newkirk@cms.hhs.gov).

**Cleanup of Low Income Status (LIS) for Plans in Puerto Rico**

Some plans operating in Puerto Rico reported missing LIS amounts in the Part D Direct Subsidy payments for some members. The issue was caused by a data reporting issue between Puerto Rico and CMS, and that issue has been resolved. The payments now correctly reflect LIS beginning with the April payment. In addition, adjustments appeared on the April MMR for the period of January – March with adjustment reason code (ARC) 31- Retroactive Change to Part D Low Income Premium Subsidy Status. Note that the definition of ARC 31 will be changed to “Retroactive Change to Part D Low Income Status” in future versions of the Plan Communications User’s Guide.

cc: DPO Representatives  
Director, DPO  
MAPD Customer Support

**CENTERS FOR MEDICARE  
MEDICARE PLAN PAYMENT GROUP  
DIVISION OF PAYMENT OPERATIONS (DPO)  
REGIONAL REPRESENTATIVES – 2013**

Boston and Kansas City	Terry Williams (410) 786-0705 <a href="mailto:Terry.Williams@cms.hhs.gov">Terry.Williams@cms.hhs.gov</a>
New York, Demos/PACE	William Bucksten (410) 786-7477 <a href="mailto:William.Bucksten@cms.hhs.gov">William.Bucksten@cms.hhs.gov</a>
Philadelphia	James Krall (410) 786-6999 <a href="mailto:James.Krall@cms.hhs.gov">James.Krall@cms.hhs.gov</a>
Atlanta	Louise Matthews (410) 786-6903 <a href="mailto:Louise.Matthews@cms.hhs.gov">Louise.Matthews@cms.hhs.gov</a>
Chicago	Mary Stojak (410) 786-6939 <a href="mailto:Mary.Stojak@cms.hhs.gov">Mary.Stojak@cms.hhs.gov</a>
Dallas	Michelle Page (410) 786-6937 <a href="mailto:Michelle.Page@cms.hhs.gov">Michelle.Page@cms.hhs.gov</a>
San Francisco And Denver	Kim Miegel (410) 786-3311 <a href="mailto:Kim.Miegel@cms.hhs.gov">Kim.Miegel@cms.hhs.gov</a>
Seattle	Sharon Rochester (410) 786-7607 <a href="mailto:Sharon.Rochester1@cms.hhs.gov">Sharon.Rochester1@cms.hhs.gov</a>
DPO Director	John Scott (410) 786-3636 <a href="mailto:John.Scott@cms.hhs.gov">John.Scott@cms.hhs.gov</a>