

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Beneficiary Choices  
7500 Security Boulevard, Mail Stop C4-23-07  
Baltimore, Maryland 21244-1850



## **MEDICARE PLAN ACCOUNTABILITY GROUP**

---

**DATE:** February 2, 2006

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

**FROM:** Cynthia E. Moreno /s/  
Acting Director

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

This letter provides information on the computation of the February payment, as well as some actions you may need to take.

### **Low-Income Subsidy (LIS) Information**

CMS provided LIS co-payment and subsidized premium information related to your current members via the transaction reply (TRR) format on January 18, 2006. In addition, MARx has been revised to consistently provide this information for new enrollees on the Batch Status Completion Report and on the weekly/monthly TRRs. This includes any changes to LIS information for your members.

### **Code 71 Transactions from Non-PBP to PBP**

MARx has been programmed to successfully process transaction type 71 submitted by plans to move members to a plan benefit package (PBP) when they were previously not enrolled in a PBP. These situations involve plans that are reporting enrollments at the PBP level for the first time in 2006; e.g., PACE plans and other types of demonstration plans. The clean up of code 71 was completed on January 19. If you submitted 71 transaction type and received a confirmation that they were accepted on a TRR, you need do nothing. If you should have but did not submit transaction type 71 prior to 1/13, your February payment will be inaccurate. You need to contact your central office contact (per Appendix B in the Plan Communications Guide) to obtain information on how to submit 71 with effective dates prior to February. For effective dates of February and later, submit them normally.

### **State and County Code (SCC) Adjustments**

Plans received higher than normal levels of SCC adjustments in the January payment. Upon investigation, it was determined that most of these adjustments were incorrect and should not have been paid to you. This problem did not occur in the February payment. CMS will recoup the erroneously paid amounts from the March payment.

#### Offset of Interim Payments

Due to incorrect processing of some HPMS crosswalk information and high levels of rejected transactions, a small percentage of plans were not paid for a majority of their current membership. These plans were paid an interim payment for January to allow them to cover their members. When the processing issues that caused these problems are resolved information on these members will come through your TRR and monthly membership reports (MMR). When this occurs, CMS will offset the interim amounts in the next monthly payment.

#### Delays in Part B Premium Reductions

On November 25, 2005 we notified all plans that there would be a one-month skip in Part B premium reduction for 2005 members who remain in the same plans in 2006. Many of the transactions sent to SSA to resume this benefit were rejected. These transactions will be corrected and resent to SSA. Members will receive refunds in early to mid-February via a separate check from SSA that will include payment for January and February.

#### Premium Withhold Processing

Due to differing SSA and CMS processing schedules, members electing to have their plan premiums deducted from SSA benefits, will experience a 1 – 3 month lag. SSA will withhold the applicable amount when they begin the process; plans are not to bill members for any portion of their premiums related to the delays. The one exception to this policy is if CMS notifies you that SSA could not withhold the premiums at all via transaction reply code 144; then you should directly bill the members.

#### Transaction Reply Code 165

If you receive a reply code of 165 for a member and it is not accompanied by an enrollment (011) or PBP (100) change accepted code, you will need to re-submit these transactions to MARx at a later date. DO NOT resubmit these transactions at this time. You will be notified to resubmit these transactions when the correction has been made in MARx. The Plan Communications Guide is incorrect where it instructs plans to do nothing to correct the transaction. The guide is being updated to reflect the change. If you receive reply code 165 AND codes 011 or 100, you need do nothing as MARx has successfully processed the transaction. CMS will provide updates to this issue during the MA/PDP Operational User Group Calls.

#### Cost Plan Adjustments

In the January payment letter we notified you of incorrect cost plan adjustments which appeared on your MMR but not on your plan payment report or in your payment. This same problem exists for February but the adjustments are not included in your February payment. The corrected amounts at the cost rate will appear on the April MMR and be adjusted in your April payment.

#### Monthly Premium Withhold Report (MPWE)

The initial version of the MPWE will be provided to you along with the other February monthly reports from MARx. This report contains any premiums withheld from members' January checks and is based on any transactions that SSA was able to process in December. Again, due to differing CMS and SSA processing schedules, many of your members electing the SSA premium withhold option will not appear this month. You are not to directly bill members that do not appear on this file unless you receive a transaction reply code of 144 from CMS (meaning that SSA attempted to withhold but was unable to do so). The majority of your members will appear on the MPWE provided at the end of February. This version of the report includes premiums withheld from members' February checks. Premiums for January **and** February will be withheld from February SSA checks and will be included in your March payment.

#### MMR Summary Report at the Contract-Level

Currently, the MMR Summary report is only displaying data at the PBP level. The contract level summary will be included with the PBP summary and is planned for the March reports.

#### Adjustment Reason Code 19

For some adjustment reason codes related to Part D payment, dollars were generated in payment components invalid for the specified adjustment reason code. As an example: for adjustment reason code 34 (retroactive basic Part C premium change), there should not be any Part D Direct Subsidy dollars computed as part of this adjustment type. Until this can be further investigated and resolved, dollars in these "invalid" payment components will be shown on your plan payment report under code 19. Code 19 was selected because it is a valid code for all Part D payment components. The aggregate payment to your plan will tie to the MMR, but it will not for impacted adjustment reason codes. You will be notified when and how this matter will be resolved.

#### Inappropriate Part C Adjustments

For some 9,000 beneficiaries dually enrolled in a PDP and in a plan that does not offer Part D (e.g., cost plan) who disenrolled from their PDP, Part C payment adjustment dollars were incorrectly computed and applied against the PDP's payment. These adjustments will be recomputed and you will be reimbursed in the March payment.

If you have any additional questions or issues that you wish to discuss, please feel free to contact your Division of Enrollment and Payment Operations representative directly (per Appendix B in the Plan Communications User Guide).

cc: Mr. Gary A. Bailey, CMS  
Ms. Patricia Smith, CMS  
Ms. Cynthia Tudor, CMS  
Ms. Marla Kilbourne, CMS  
RO HMO Coordinators  
Ms. Julie Boughn  
DEPO