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

CMS/
CENTERS for MEDICARE & MEDICAID SERVICES

PLAN OVERSIGHT & ACCOUNTABILITY GROUP

DATE: March 1, 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) March Payment – INFORMATION

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

Code 71 Transactions from Non-PBP to PBP
MARx has successfully processed type 71 transactions submitted by plans to move members to plan benefit packages (PBPs) when they were previously not enrolled in PBPs. 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 existing code 71 transactions was completed on January 19. As a result, CMS has offset advanced payments made to impacted plans in the March payment.

Plans who continue to have problems in submitting code 71 transactions, must contact their central office representative (per Appendix B in the Plan Communications Guide) or MMAHELP (1.800.927.8069) to resolve these issues for the April 2006 payment. CMS will complete the offsetting of any remaining advanced manual payments to all such plans in the April 2006 payment.

State and County Code (SCC) Adjustments
As previously reported, 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. The erroneous adjustments did not occur in the February or March payments. The correction of this error has been completed but not in time for the March 1 payment. CMS will recoup the erroneously paid amounts from the April payment.

Offset of Advanced Payments
MARx processed the majority of the retroactive enrollment requests with effective dates of November, December, January and February. The results of the processing of these files are included in the March enrollment and payment reports. CMS offset any applicable advanced payments related to these transactions from the affected plans' March payment.

Part B Premium Reduction Processing
On November 25, 2005, CMS notified all plans 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 for processing in the next monthly check cycle.

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 via transaction reply code 144 that SSA could not withhold the premiums at all and the beneficiary is changed to direct bill. Plans will have to direct bill the members for missing premium and going forward.

Cost Plan Adjustments
In the January payment letter we notified you of incorrect cost plan adjustments for 2005 and prior periods, which appeared on your MMR but not on your plan payment report or in your payment. This error has not been corrected. The correction will not take place before the June payment. We will notify you in advance of the exact month the adjustments will be processed.

Monthly Premium Withhold Report (MPWE)
The second version of the Monthly Premium Withhold report will be provided to you with the other March monthly reports from MARx. This report contains any premiums withheld from members' February checks and is based on any transactions that SSA was able to process up to January 10. Many of your members electing the SSA premium withhold option will appear on the report this month with adjustments to account for January premiums. Again, we ask you not to directly bill members that do not appear on this file unless you receive a transaction reply code 144 which informs you the member remains direct bill because SSA attempted to withhold premium but was unable to do so. MARx did not process all the transactions before month end that would change members to direct bill.

MMR Summary Report at the Contract-Level
The MMR Summary report is now displaying data at the contract summary as well as the PBP and segment levels.

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 Monthly Membership Detail report, but it will not for the impacted adjustment reason codes. The amount shown in the Plan Payment Report under adjustment reason code 19 is the total of adjustment reason codes where there is a blank on the Plan Payment Report, but a transaction in the MMR Detail. CMS will notify you 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 A/B payment adjustment dollars were incorrectly computed and applied against the PDP's payment. The adjustments related to retroactive disenrollments (adjustment reason code 03) will be recomputed and reimbursed in the March payment. PDPs continue to have negative A/B adjustment dollars applied to their payments for some retroactive enrollments (adjustment reason code 02). This issue is still being investigated. You will be reimbursed when the problem is resolved.

Inappropriate Late Enrollment Penalty (LEP) Amounts
If plans incorrectly submitted N in the creditable coverage field and nonzero months in the uncovered months field, MARx computed a LEP. MARx has reversed these amounts in your March payment and instituted a code change that will prevent computation of LEP until August 2006. If plans submit data as described above, MARx will convert the values to Y for creditable coverage and zeros for uncovered months. In these situations, plans will receive a transaction reply code 141 (creditable coverage change accepted).

Until August 2006, when LEP becomes applicable, plans are to always input Y for creditable coverage and zeros for uncovered months.

Change in the Batch Completion Status Summary (BCSS) filename
In order to provide plans with separate, identifiable, BCSS data files for each submitted input batch transaction, the files' names have been changed. The 'hour' and 'minute' components are replaced by the input transaction data file's batch ID number. The batch ID number is split into two halves and is represented by the "Annnnn" and "Bnnnnn" nodes. The report mnemonic name remains unchanged. (Changed portions of the original BCSS filename are underlined for reference.) This change will be implemented on or about March 17, 2006.

GENTRAN User's Original Filename:
`uuuu.@BGD5050.YMyyyymm.Ddd.HMhhmm.BATCHSTD.xx`

*GENTRAN User's **New** Filename:*
`uuuu.@BGD5050.Dyymmdd.Annnnn.Bnnnnn.BATCHSTD.xx`

Connect:Direct (mainframe) User's Original Filename:
`zzzzzzzz.uuuu.YMyyyymm.Ddd.HMhhmm.BATCHSTD`

*Connect:Direct (mainframe) User's **New** Filename:*
```
zzzzzzzz.uuuu.Dyymmdd.Annnnn.Bnnnnn.BATCHSTD
```

Connect:Direct (non-mainframe) User's Original Filename:
```
\directory\uuuu.@BGD5050.YMyyyymm.Ddd.HMhhmm.BATCHSTD
```

*Connect:Direct (non-mainframe) User's **New** Filename:*
```
\directory\uuuu.@BGD5050.Dyymmdd.Annnnn.Bnnnnn.BATCHSTD
```
----

yymmdd = two-digit calendar year followed by month and day;
Annnnn & Bnnnnn = MARx batch transaction ID, nnnnnnnnnn,
        split into two nodes, A... and B..., with leading zeroes as
        necessary to complete ten-character batch ID;
"BATCHSTD" = original report mnemonic name;
xx = processing number of varying length assigned by Gentran and
  not relevant for Connect:Direct users;
uuuu = four-character RACF ID of transmitting user
zzzzzzzz = plan provided high-level qualifer
\directory\ = optional directory specification from non-mainframe
      Connect:Direct clients

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

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