

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Beneficiary Choices
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MEDICARE PLAN PAYMENT GROUP

DATE: October 02, 2006

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

FROM: Thomas Hutchinson /s/
Director

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

This letter provides information related to your October payment and related MARx processing issues that are applicable.

IMPORTANT - Change to the November 2006 Cutoff Date

To allow CMS to complete end of year processing in a timely manner, the MARx cutoff date **in November will be moved from 11/15 to 11/8**. Plans must submit enrollments by 11/8 in order to receive a December 1 payment for these individuals.

IMPORTANT – Reminder of the December 2006 Cutoff Date

The MARx cutoff date **in December remains 12/8**. Plans must submit enrollments by 12/8 in order to receive a January 2 payment for these individuals.

User Fees

The September payment was the last time that user fees will be assessed this year. There will be no more user fees assessed until your January 2007 payment.

Adjustment Code 41 Cleanup #2

When MARx conducted the risk adjustment reconciliation in the August 2006 payment, it incorrectly adjusted the reinsurance, low-income cost-sharing and low-income premium subsidy components of the Part D payment. Only the direct subsidy component of the payment should have been impacted by this reconciliation. This resulted in overpayments to the plans. The cleanup recomputed these payments removing the erroneous amounts associated with the payment components that should not have been included. These amounts are also included in the adjustment code 41 dollars in your September payment.

As part of the August payment, plan-level adjustments were input to address this issue. Now that the clean-up has been done, these adjustments will be reversed as part of an interim payment (if positive) or as part of the October payment (if negative).

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