

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Beneficiary Choices
7500 Security Boulevard, Mail Stop S3-16-16
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MEDICARE PLAN PAYMENT GROUP

DATE: October 30, 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) November Payment – INFORMATION

This letter provides information related to your November payment.

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.

2004 Risk Adjustment Final Reconciliation

The final reconciliation of your 2004 risk adjustment payments is included in the November payment. The adjustments are reported at the member level under adjustment reason code (ARC) 25 on your November monthly membership report (MMR). You were provided with an interim amount for this reconciliation last year in the October 2005 payment. These interim amounts will now be reversed in the November 2006 payment. This will be shown as a plan-level adjustment on your plan payment report. For some plans, additional payments or offsets will be included in this plan-level adjustment.

Certain organizations (Social Health Maintenance Organizations, Minnesota Disability Health Options, Minnesota Senior Health Options, and Senior Care Options) were excluded from this 2004 final risk adjustment reconciliation. These organizations will receive a new plan-level amount to account for the estimated payment that they should have received. The plan payment report will display the net between the reversal of the first interim payment made in October 2005 and the second interim payment being made in the November 2006 payment.

A final Model Output Report (MOR) for 2004 will be produced and distributed as a separate report.

2005 Risk Adjustment Final Reconciliation

The 2005 risk adjustment final reconciliation will take place in your December payment at the member level for all non-ESRD beneficiaries. ESRD beneficiaries are excluded for the 2005 final reconciliation and will be incorporated in a future payment cycle.

2006 Mid-Year Risk Adjustment Factor Update

Organizations receiving plan-level interim amounts associated with the 2006 mid-year risk adjustment factor update will receive the amounts for November and December in the November payment.

If you have any questions or issues that you wish to discuss, please feel free to contact your Division of Payment Operations representative per the attached list.

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