

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

DATE: November 9, 2006

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

FROM: Thomas Hutchinson /s/
Director

SUBJECT: Enrollment and Payment Processing Information for 2007– ACTION

The following information is provided regarding enrollment and payment processes for the 2007 contract year.

- Amounts to be Collected for the Medicare Advantage Plan (MA) and Prescription Drug Plan (PDP) National Medicare Education Campaign (NMEC) User Fees and Coordination of Benefits (COB) User Fees for 2007
- The 2007 MARx Monthly Payment Processing Schedule
- Transaction Processing Information for Plans Non-renewing for 2007
- 2007 Institutional Reporting
- The 2006/2007 Rollover Process
- Submittal Instructions for 2007 Member Premium Information Including SSA Premium Withhold Update
- Minor Format Change to the 71 Transaction for 2007
- Revisions to Submittal of Medicare Secondary Payer Information

The MA and PDP Education User Fees and COB User Fees for 2007

The amount of the MA NMEC user fee to be collected in Fiscal Year (FY) 2007 is \$39.1 million. This user fee is collected to support the beneficiary education efforts nationally. Beginning with the January 2007 payment, CMS will assess MA plans an amount equal to 0.059% of each monthly prospective payment. This percentage is computed to spread the assessment of the \$39.1 million fee over the remaining nine months of the FY. If necessary, this percentage will be modified in the September 2007 payment deduction to ensure the full user fee amount is collected. The MA user fee is applicable to both MA plans and MA-PDP plans.

The amount of the PDP NMEC user fee to be collected in FY 2007 is \$18.4 million. This user fee is collected to support the beneficiary education efforts nationally. Beginning with the January 2007 payment, CMS will assess PDP plans an amount equal to 0.065% of each monthly prospective payment. This percentage is computed to spread the assessment of the \$18.4 million

fee over the remaining nine months of the FY. If necessary, this percentage will be modified in September 2007 payment deduction to ensure the full user fee amount is collected.

The Part D COB user fee for FY 2007 is \$1.36 per member per year. CMS will assess the COB user fee at a rate of \$.15 a member each month from January – August 2007 and \$.16 for September 2007.

The 2007 MARx Monthly Payment Processing Schedule

Attached is the MARx Monthly Processing Schedule for 2007. This calendar provides the “Plan Data Due” dates for each month which are highlighted. It also provides the dates the Monthly reports will be available, as well as the days the MARx online will be available or “unavailable” as well as completely “dark”. When MARx is unavailable, it means that the online is in read-only mode and batch files can be processed. When MARx is dark, it means that the online is not accessible and batch files cannot be processed. A description of the due dates is included with the schedule. Note the first payment for the year will be wired on January 2, 2007. The months of November and December have earlier cutoff dates to allow for MARx end of year preparation and processing. There may some adjustments necessary to April and July to accommodate software releases. Should that occur you will be notified in advance.

Transaction Processing Information for Plans Non-renewing for 2007

Information related to retroactive adjustments and disenrollment transactions is described in this section.

Retroactive Payment Adjustments

Non-renewed organizations are required to reimburse CMS for any overpayments. Conversely, your organization will have the right to seek reimbursement from CMS for any previously identified underpayments. MA and PDP organizations seeking payment adjustments should report corrected information within 45 days from the date of receipt of your January 1 Monthly reports (scheduled for December 22) to the Retroactive Adjustment Processing Contractor, IntegriGuard. The reporting of corrected information to IntegriGuard will trigger the CMS retroactive payment adjustment process. The reported corrections will be verified and applied to your members’ records. These corrections will be included as a part of your final payment reconciliation after the final risk adjustment reconciliation is completed.

CMS will complete final reconciliation of its accounts with your organization approximately nine months (or, if applicable, after the final risk adjustment reconciliation is performed), after the end date of your contract, December 31, 2006. However, it is important to note that completion of final reconciliation may be delayed in the event your organization fails to comply with your remaining risk adjustment data submission requirements. For MA and PDP organizations that are also reducing service areas for contracts that will continue in 2007, no final reconciliation will be performed. Payment adjustments related to coverage provided in the discontinued portions of the service area will be included as part of the regular payment adjustment process and will appear in your monthly payments during 2007.

Disenrollment Transaction Processing

Non-renewing plans are required to submit transactions for members that wish to disenroll effective December 1, 2006, by the cutoff dates in November (11/8/06) or December (12/8/06). This must be accomplished while your plan still has access to CMS systems so the disenrollments are processed.

2007 Institutional Reporting and End Date for Corrections

Plan reporting of the 01 Institutional transactions will be discontinued following the MARx cutoff day in January (Jan. 11, 2007). The last time that plans will report the Institutional status will be for the month of December. Since there will be no demographic portion of the payment in 2007, the need for this reporting to continue past that point ends.

Note that reporting of the 01 Medicaid transaction will continue as this does impact the risk adjustment payment.

Reporting of retroactive institutional periods prior to 2007 may continue as necessary through June 30, 2007. No retroactive institutional processing will be accepted after that date.

NOTE: Some demonstration plans will continue to submit the 01 Institutional or Nursing Home Certifiable transactions during 2007 because there will still be a demographic portion of their payment.

The 2006/2007 Rollover Process

CMS has targeted the processing of Plan Rollovers and Terminations for the timeframe between **December 11 and December 16, 2006**. During this time, CMS will disenroll all remaining members of terminating plans effective 1/1/2007. CMS will also move members between PBPs as specified by you on the HPMS Crosswalk File. For this latter action, note that CMS can only process the following scenario during rollover:

- Members in one 2006 PBP moving to a new 2007 PBP
- Members in multiple 2006 PBPs moving to one PBP for 2007 (The plan is consolidating PBPs so members in multiple PBPs in 2006 will all move to one PBP in 2007.)

The scenario of members in one 2006 PBP moving to multiple 2007 PBPs **cannot** be accomplished under the rollover process. Plans **must submit 71 transactions** by the cutoff date in December 2006 to move the members to the correct PBP effective 1/1/2007.

Plans that expect to move beneficiaries in PBPs subject to the rollover process must submit those transactions by the cutoff date in December - 12/08/06 (prior to the rollover process). By meeting this timeframe, plans will not need to submit additional 71 transactions to move the member to the correct PBP.

Plans should carefully review their January MMRs to ensure that all of their members are in the correct PBP. If they are not, plans must submit 71 transactions by the cutoff date in January (1/11/2007) to move them to the correct PBP with a January 1 effective date.

Submitting 2007 Member Premium Information

Plans are required to submit premium information for some of their current members as clarified below on a 72 transaction by the cutoff date of January 11, 2007. Note plans are to use a 71 transaction to submit this premium information if the member's PBP is also changing.

To reduce the number of premium transactions to be processed, CMS will create and distribute a special full enrollment premium file that will provide plans with 2007 premium information for all enrolled members. This premium information will be derived from the 2007 bidding information in HPMS. The file will also include low-income status information. This file is expected to be distributed to plans on or about **December 18, 2006**.

During the end of year processing, plans SHOULD NOT send in 72 transactions for the purpose of receiving responses with premium and low-income status information since the data will be provided to all plans via the full enrollment premium file. If the information on this file is incorrect for your member(s), submit a 72 transaction with the corrected premium information by the MARx cutoff date in January (1/11/2007).

It is expected that MA plans will need to submit 72 transactions to update Part C premium information for beneficiaries who elected supplemental benefits and have a different premium for 2007. Note that a 71 transaction must be used if the members have also changed PBPs.

Your members who are currently in premium withhold status with the Social Security Administration (SSA) will be continued as withhold members by SSA during their end of year processing. The SSA will "rollover" your members to the 2007 plan and premium amounts using the 2007 HPMS plan crosswalk and premium information. Any premium changes you are required to submit to CMS as previously instructed will be sent to SSA but will not affect your members' SSA checks until February. The February checks will be adjusted for both the January and February premium amounts.

Minor Format Change to the 71 Transactions for 2007

There will be **no** format changes on the 2007 versions of the Transaction Reply Reports (TRR) or Monthly Membership Reports (MMR). There will be a minor change to the 71 Transaction. The Part D Opt Out Flag will be added to the 71 Transaction to allow plans to report it when members change PBPs. Currently, plans can only set this value on a disenrollment transaction.

Revisions to Submittal of Medicare Secondary Payer (MSP) Information

Each year MA plans are required to survey the members on the March MMR to determine MSP status. The results of the survey are submitted to CMS in mid-September of each year on a CD. Plans submit the members who respond to the survey as having MSP and those members who fail to respond to the survey. CMS will be issuing revised instructions to you regarding the process for 2007 in a subsequent letter.

Thank you in advance for your attention to all the items listed in this communication. Please take appropriate and timely action as necessary. If you have any questions about the information

contained herein, please contact your Division of Payment Operations specialist assigned to the area where your plan is located per the attached list.

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