

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicare
7500 Security Boulevard, Mail Stop C1-13-07
Baltimore, Maryland 21244-1850



MEDICARE PLAN PAYMENT GROUP

DATE: June 22, 2012

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

FROM: Cheri Rice /s/
Director

**SUBJECT: Medicare Advantage Prescription Drug System (MARx) July 2012 Payment
– INFORMATION**

This letter provides information regarding the July payment, scheduled for receipt on June 29, 2012, and other payment related items that may require plan action.

2012 Mid-Year Risk Adjustment Factor Update

The mid-year update of the risk adjustment factors for 2012 is included in the July payment. Each affected plan will see Adjustment Reason Code (ARC) 26 (Mid-year Part C risk adjustment factor change) and ARC 41 (Part D risk adjustment factor change) on its Monthly Membership Report (MMR).

Beneficiary Cross-Reference Merge Cleanup

Last month, we reported that the last phase of the cleanup of erroneous payments due to cross-reference merging of beneficiary records was conducted in the June payment. However, we conducted an additional cleanup of a small population of beneficiaries and included it in the July payment. The adjustments appear on the MMR with ARC 50 (Payment Adjustment due to Beneficiary Merge). If you previously reported cases of duplicate payments due to cross-referenced HIC numbers that were not resolved by any of the cleanups, please contact your DPO representative. Your representative will ask you to provide supporting documentation, and will research the case(s) to determine the appropriate action.

Date of Death Cleanup

MARx was not processing some date of death transactions correctly and continued generating payments for beneficiaries who were deceased. We conducted a cleanup to address the issue, which resulted in MARx re-processing date of death notifications that were not applied correctly. An affected plan will see ARC 01 (Notification of Death of Beneficiary), ARC 03 (Retroactive Disenrollment), or ARC 12 (Date of Death Correction) on its MMR.

Late Enrollment Penalty Cleanup

We conducted a cleanup in the July payment to restore missing late enrollment penalty periods associated with the reported number of uncovered months. Only directly billed beneficiaries are impacted. Plans will see the adjustments on the LISLEP report.

New Adjustment Type on the Plan Payment Report (PPR)

A new adjustment type has been added to the PPR to identify deductions that are made based on recovery audit contractor (RAC) findings. When a RAC makes an adjustment, "RAC" will be displayed under the "type" column on page 4 of the report format and on field 53 of the data file format.

Reminder About Transaction Replies Related to Withholding Requests for Railroad Retirement Board (RRB) Members

The reporting of transaction replies related to premium withholding are often delayed due to the processing schedule between CMS and the RRB. Therefore, plans are advised to wait until receipt of the TRRs at the end of each month before reporting any issues to CMS.

Please contact the appropriate DPO Representative (list attached) with questions about information in this letter or assistance with other payment or premium related issues. Thank you.

Attachments

cc: DPO Representatives
Director, DPO
MAPD Customer Support

**CENTERS FOR MEDICARE
MEDICARE PLAN PAYMENT GROUP
DIVISION OF PAYMENT OPERATIONS (DPO)
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