DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850

Medicare Plan Payment Group
Information Services Design and Development Group

DATE: **July 17, 2013**

TO: All Medicare Advantage, Prescription Drug Plan, Cost, PACE, and Demonstration Organizations Systems Staff

FROM: Cheri Rice /s/
Director, Medicare Plan Payment Group

Cathy Carter /s/
Acting Director, Information Services Design and Development Group

SUBJECT: **Advance Announcement of November 2013 Software Release**

The Centers for Medicare and Medicaid Services (CMS) continues to implement software improvements to the enrollment and payment systems that support Medicare Advantage and Prescription Drug (MAPD) programs. This letter provides advanced information regarding the planned release of systems changes scheduled for November 2013. This release focuses on improving the efficiency of CMS systems as well as plan processing.

The November 2013 Release changes are as follows and may require plan action:

1. **Segment ID Assignment for End of Year Processing**
2. **Modifications to the Medicare Advantage Prescription Drug System Other Health Insurance (OHI) Notification Records**
3. **Medicare Secondary Payer (MSP) Improvements, Part 2: Using Coordination of Benefits (COB) Information in Processing MSP Payment Reductions**
4. **Update Monthly Model Output Report (MOR) for Additional Part C Risk Adjustment Model Version 22**
5. **Medicare Advantage (MA) Enrollee Risk Assessments Code**

In August 2013, CMS intends to provide the detailed information that plans will require for implementation in early November 2013.

1. Segment ID Assignment for End of Year Processing

With the November 2013 release of the Medicare Advantage Prescription Drug System (MARx), CMS is reducing the need for plans to submit Transaction Reply Code (TRC) 77 (Segment ID Change) transactions. In 2012, CMS introduced default Segment ID assignments. Currently, plans can submit an enrollment for a segmented plan while leaving the Segment ID field blank and MARx automatically determines the Segment ID assignment according to the enrollee's residence State County Code (SCC).

The November release will include the following changes:

- MARx determines a plan's default segment as the one with the lowest premium rates.
- MARx expands automatic assignment of Segment ID in year-end processing for situations involving a change in a plan's segment definitions from one year to the next:
    - The composition of segments, i.e., which SCCs belong to which segment, is changing.
    - SCCs are added or removed from the plan service area.
    - Segments are added or removed.

Rollovers from one plan to another or rollovers between plans in different contracts constitute enrollment changes and are not affected by this change. Medicare Advantage Organizations (MAOs) will continue to use the existing Health Plan Management System rollover mechanism for inter-plan rollovers, even when the "from" or "to" plan is segmented.

2. Modifications to the Medicare Advantage Prescription Drug System (MARx) Other Health Insurance (OHI) Notification Records

Effective October 4, 2013, CMS is modifying its other health insurance (OHI) prescription drug file process, which results in the creation of MARx OHI notification records that are accessible by Medicare Advantage Prescription Drug Plans (MA-PDs) and Prescription Drug Plans (PDPs). CMS realizes that plans offering Part D use this information, as obtained through MARx, to validate situations where OHI exists that is primary to Medicare. CMS is changing the OHI prescription drug file process to ensure that the formats exchanged accommodate International Classification of Diseases (ICDs), Clinical Modification, Version 10 (ICD-10-CM) diagnosis codes when reported in association with OHI that is related to a particular liability, no-fault, and worker's compensation incident. Specifically, CMS is updating the OHI prescription drug file format to accommodate 25 occurrences of a new 1-byte ICD-9/ICD-10 lead indicator, as well as 25 occurrences of the accompanying ICD diagnosis code. Within the MARx OHI notification record, the new elements are denoted as "Claim Diagnosis Code Indicator" and "Claim Diagnosis Code." Additionally, MA-PDs and PDPs should take note of the following:

- Valid values for Claim Diagnosis Code Indicator:
    - 0—for ICD-10 diagnosis code
    - 9—for ICD-9 diagnosis code
    - Spaces if no diagnosis code is reported
- Length of Claim Diagnosis Code will accommodate up to 7 bytes.

3. Medicare Secondary Payer (MSP) Improvements, Part 2: Using Coordination of Benefits (COB) Information in Processing MSP Payment Reductions

With the MARx November release, CMS is making changes to the Monthly MSP Information Data File (Header Code CMSMSPIH). These changes correspond to the internal table MARx uses to process MSP payment reductions.

The following fields are added to the file: Creation Date (accretion date); MSP Originating Contractor; MSP Updating Contractor; Delete indicator; Validity Indicator; and MSP Last Maintenance Date. This information is provided to plans to assist them in determining the actions needed to update or verify MSP information. MARx is also adjusting payment for individual plans by accepting pending Electronic Correspondence Referral System (ECRS) submissions, or "I" records, as valid records.

Starting in October 2013, CMS begins recording these new data fields as changes occuring in the internal table. Those changes will appear in the Monthly MSP Information Data File starting December 1, 2013. In January 2014, a refresh of all MSP data from January 1, 2009 forward is scheduled to populate all fields and correct some reported data discrepancies.

4. Update Monthly Model Output Report (MOR) for Additional Part C Risk Adjustment Model Version 22

The 2014 Payment Notice published on April 1, 2013 outlines all of the key changes effective for Payment Year (PY) 2014. One key change for PY2014 is the implementation of a new CMS-hierarchial condition category (HCC) risk adjustment model. Risk scores calculated using this new model are blended with risk scores calculated using the CMS-HCC model from 2013. For more information about the new risk adjustment model, see the 2014 Advance Notice and Announcement link: http://www.cms.gov/Medicare/Health-Plans/MedicareAdvtgSpecRateStats/Announcements-and-Documents.html.

MARx distributes the Model Output Report (MOR) to MA sponsors at the contract level. The MOR documents the demographics and HCCs used to determine risk scores for each beneficiary in each model run. Because the new risk adjustment model has a revised set of HCCs, CMS is providing plan sponsors with an additional Part C MOR detail record type for PY2014. The MOR file format changes help MA plans understand how CMS determines risk adjustment scores for each beneficiary. As a result, MA plans must make appropriate changes to properly receive the additional detail record type on the MOR. Part C MOR includes two detail record types and is updated to include a third detail record type. The updated record types are:

- Record Type A: the current Part C aged/disabled risk adjustment model (model version 12) for non-PACE, non-ESRD beneficiaries.
- Record Type B: the current PACE aRAPSnd ESRD models
- Record Type C: the new 2014 Part C aged/disabled risk adjustment model (model version 22), as discussed in the 2014 Announcement.

5. Medicare Advantage (MA) Enrollee Risk Assessment Code

Per the 2014 Rate Announcement, CMS is implementing a data collection and analysis effort that requires MAOs to identify which diagnoses submitted to CMS for the purpose of risk-adjusted payment were obtained through enrollee risk assessments. Beginning with dates of service January 1, 2014, MAOs are required to populate this new field to identify diagnoses obtained from these assessments. More information and guidance will be provided later this summer on the process for flagging enrollee risk assessments in the Risk Adjustment Processing System submissions.

Plans are encouraged to contact the MAPD Help Desk for any issues encountered during the systems update process. Please direct any questions or concerns to the MAPD Help Desk at 1-800-927-8069 or e-mail at mapdhelp@cms.hhs.gov.