

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**

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**DATE:** July 24, 2013

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

**FROM:** Jennifer Harlow /s/  
Deputy Director

**SUBJECT: Medicare Advantage Prescription Drug System (MARx) August 2013 Payment – INFORMATION**

This letter provides information about the August payment, which is scheduled for receipt on August 1, 2013, and other payment related items that may require plan action.

**2012 Final Risk Adjustment Factor Update**

The August payment includes the final update of the risk adjustment factors for 2012. Each affected plan will see Adjustment Reason Code (ARC) 25 (Part C Risk Adjustment Factor Change/Recon) and ARC 37 (Part D Risk Adjustment Factor Change) on its Monthly Membership Report.

**Reconciliation of Plans that Terminated in 2011**

CMS is continuing to conduct final reconciliations for terminated plans. The final settlements include the 2011 final risk adjustment reconciliation completed in December 2012, and the Coverage Gap Discount reconciliation completed in May 2013.

**Part D Recovery Audit Contractor (RAC) Offset Reversals**

CMS recently offset a number of plans' payments due to the results of audits by the Part D RAC. Some of these plans subsequently submitted Prescription Drug Events (PDEs) to correct errors discovered by the Part D RAC, and those corrected PDEs were part of the 2007 Part D reopening that was processed in the June 2013 payment. As a result, CMS will reverse some of the prior offsets. If your plan is included in this process, the reversal will appear in the CMS Adjustment section of the plan payment report.

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

cc: DPO Representatives  
Director, DPO  
MAPD Customer Support

**CENTERS FOR MEDICARE  
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