

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



CENTER FOR MEDICARE

DATE: October 15, 2024

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

FROM: Jennifer R. Shapiro, Director, Medicare Plan Payment Group

SUBJECT: Medicare Advantage/Prescription Drug System (MARx)
November 2024 Payment – PRELIMINARY
INFORMATION

This letter provides early information about one topic concerning the November 2024 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on November 1, 2024.

Incorrect Risk Factors during the 2024 Mid-Year Risk Adjustment Reconciliation

CMS identified a MARx software issue concerning 2024 payments that were calculated for long term institutional (LTI) beneficiaries using a community risk factor. This issue began with the 2024 mid-year risk adjustment reconciliation and resulted in payments reflecting the incorrect risk factor for July through October 2024, and retroactive adjustments for January through July 2024. The payment adjustments appeared on the July 2024 MMR with Adjustment Reason Codes (ARC) 26 (Mid-year Part C Risk Adjustment Factor Change) and 41 (Part D Risk Adjustment Factor Change (ongoing)).

The software has been corrected, and a data cleanup was processed to produce retroactive payment adjustments from January through October 2024, and correct monthly payments going forward. The payment adjustments will appear on the November 2024 MMR with ARC 94 (Special Payment Adjustment Due to Cleanup) and Cleanup ID CS1907541.

For beneficiaries who have an LTI status, Part C community factors tend to be higher than the beneficiaries' respective LTI factors and, as a result, on average, CMS incorrectly overpaid Part C amounts to affected organizations for the months of January through October 2024. With the adjustment in the November payment, those Part C overpayments are being reversed. For Part D, community factors for beneficiaries who have an LTI status tend to be lower than the beneficiaries' respective LTI factors and, as a result, on average, CMS incorrectly underpaid Part D amounts; those underpayments will also be corrected in the November payment.

In general, because the Part C overpayments were larger than the Part D underpayments, application of the correct LTI factors will result in lower payments overall, and the offset will be applied to the Medicare Advantage Organization's (MAO's) November payment. PDP sponsors

are expected to, on average, receive higher payment. For some MAOs, the outcome of the data cleanup will result in a payment recoupment that is greater than their normal monthly payment amount, in which case the MAO will not receive a payment until the entire payment adjustment amount is recouped.

If you have any questions or concerns about any of the information within this letter, or wish to inquire about the adjustment going into the November payment for your plans, please contact the MAPD Help Desk at mapdhelp@cms.hhs.gov, or 1-800-927-8069.