

DEPARTMENT OF HEALTH &
HUMAN SERVICES
Centers for Medicare & Medicaid
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CENTER FOR MEDICARE

DATE: June 28, 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) July
2024 Payment – INFORMATION

This letter provides information about the July 2024 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on July 1, 2024, and other payment related items that may require plan action.

2024 Mid-Year Risk Adjustment Reconciliation

The 2024 mid-year risk adjustment reconciliation adjustments are included in the July 2024 payment. The updated risk scores are based on diagnoses with dates of service from January 1, 2023 to December 31, 2023, submitted by March 1, 2024. The payment adjustments appear on the July 2024 Monthly Membership Report (MMR) with Adjustment Reason Code (ARC) 26 – Mid-year Part C Risk Adjustment Factor Change, and ARC 41 – Part D Risk Adjustment Factor Change (ongoing).

In reviewing these payment adjustments, CMS has identified instances where MARx calculated payment using incorrect Part C and Part D risk scores. In some situations, MARx used a new enrollee risk score instead of a community score, and in other situations a community risk score was used where a long-term institutional risk score should have been used. CMS is working toward processing data cleanups for affected monthly payments. We will provide more details in a future monthly payment information memo.

Part D Risk Score Changed to New Enrollee Factors During 2023 Final Risk Adjustment

CMS has identified a MARx software issue in the June 2024 payment in which community Part D risk scores were inadvertently changed to new enrollee risk scores for some beneficiaries during the 2023 final risk adjustment reconciliation. The software issue has been corrected and a data cleanup has been processed for the July 2024 payment. The payment adjustments appear on the July 2024 MMR with ARC 94 (Special Payment Adjustment Due to Cleanup) and Cleanup ID CS2128580.

Payment Calculated Using Default Risk Scores

On May 19, 2024, CMS processed a data cleanup to correct retroactive payments where the risk

score was changed to a default in the October 2023 payment. Payment adjustments from this data cleanup appear in the July 2024 payment and reported on the MMR ARC 94 (Special Payment Adjustment due to Cleanup) and use the Cleanup ID of CS1906339.

2024 Frailty Score Update

In the September 9, 2020 HPMS memo titled, “Reporting Requirements for HEDIS® Measurement Year (MY) 2020, HOS, and CAHPS® Measures, and Information Regarding HOS and HOS-M for Frailty,” CMS announced that the HOS and HOS-M surveys will continue to be fielded on the August through November timeline starting in 2021 and going forward.

Payment Year 2024 frailty score results were posted to HPMS and scheduled to be incorporated into payment for PACE organizations and qualifying FIDE-SNPs in July 2024. However, CMS encountered an operational issue that resulted in a subset of PACE organizations and qualifying FIDE-SNPs not receiving the 2024 frailty score posted to HPMS for each of these plans. CMS has identified the issue and is working to resolve it prior to the September 2024 payment. PACE organizations and FIDE-SNPs that did not receive their plan-specific 2024 frailty score in July 2024 will receive it for both the prospective payment calculation starting in September and to payments for prior months back to January 2024 as retroactive payment adjustments. The adjustments will appear on the MMR using ARC 18 – Part C Rate Change.

Conversion of MARx to Amazon Web Services (AWS)

In July 2023 the MARx system successfully cut over from its mainframe-based architecture and currently is processing enrollment, premium, and payment information in a newly designed AWS cloud-based environment. Although the conversion was a success, we are aware of discrepancies that are affecting payment or reporting. CMS is actively working to address these issues in future software fixes and data cleanups, prioritizing based on the nature of the cleanup and the impact and will communicate with plans as we work through the cleanups. If you have already submitted a trouble ticket, no further action is required by the plan. If you have been informed by the help desk that your ticket has been consolidated under a “master ticket,” that means we are aware of an issue or concern affecting multiple organizations. Knowing how many organizations are reporting the same problem under the master ticket allows us to assess the scale of the problem and helps us prioritize the fix to the issue. Questions regarding the MARx system can be sent to mapdhelp@cms.hhs.gov.

Sequestration Suspension

While the suspension of sequestration has ended, as required by the statute, we continue to apply the suspension of sequestration for retroactive payment adjustments made for the months of May 2020 through March 2022 and will sequester 1 percent of retroactive payment adjustments made for the months of April 2022 through June 2022 and 2 percent of payments and adjustments for months beginning with July 2022.

Questions or concerns about any of the information within this letter should be directed to the MAPD Help Desk at mapdhelp@cms.hhs.gov, or 1-800-927-8069.