

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

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**DATE:** March 30, 2021

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

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

**SUBJECT:** Medicare Advantage/Prescription Drug System (MARx) April 2021 Payment – INFORMATION

This letter provides information about the April 2021 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on April 01, 2021.

**CY2019 Coverage Gap Discount (CGD) Reconciliation**

The results of the CY 2019 CGD reconciliation are included in the April 2021 payment. The adjustments appear on the Plan Payment Reports (PPR) with adjustment type “PRS.”

**Hospice Data Cleanup**

On February 21, 2021, MARx processed a refresh of data that would correct erroneous Hospice periods applied in January of 2019. Between February 22 and 26, 2021 plans were notified of the update via Transaction Reply Code (TRC) 071 (Hospice On) and 072 (Hospice Off) on the Daily Transaction Reply Reports (DTRR). On the April 2021 Monthly Membership Data File (MMR), payment adjustments are reflected using Adjustment Reason Code (ARC) 07 (Retroactive Hospice Status).

**Missing LEP for 2021**

Some direct bill beneficiaries incurred a late enrollment penalty (LEP) for 2021; however, the LEPs were not calculated and applied in MARx. The MARx software is updated and the prospective LEP charges will appear on the April 2021 LEP data file. However, retroactive LEP charges for January through March will appear on the May 2021 LEP data file using cleanup ID CS878238.

**2021 Frailty Score Update**

As announced in the March 13, 2020, Interim Final Rule, *Medicare and Medicaid Programs; Policy and Regulatory Revisions in Response to the COVID-19 Public Health Emergency* (CMS-1744- IFC), the 2020 Health Outcomes Survey (HOS) administration, originally scheduled for April through July 2020, was delayed. In the April 15, 2020, HPMS memo titled “Delay of the 2020 HOS & HOS-M Surveys for 2021 Frailty Score Calculation,” CMS announced the delay also applied to the Health Outcomes Survey-Modified (HOS-M). As a result, 2021 frailty score results

will be posted in HPMS and incorporated into payment on or around June 2021. Once the scores are applied to the payment calculation, retroactive payment adjustments back to January 2021 will appear on the Monthly Membership Report (MMR) using Adjustment Reason Code (ARC) 18 – Part C Rate Change. Please note that for PACE organizations, MARx will use the default frailty score from the prior year until the new frailty scores are received. For FIDE SNPs, no frailty scores will be applied until the new frailty scores are received.

Questions about the frailty adjustment can be directed to the Risk Adjustment Policy mailbox at [RiskAdjustmentPolicy@cms.hhs.gov](mailto:RiskAdjustmentPolicy@cms.hhs.gov).

### **Sequestration**

As stated in the May 2020 Medicare Advantage/Prescription Drug System (MARx) Payment memo, released April 22, 2020, Section 3709 of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), enacted on March 27, 2020, suspended sequestration of Medicare programs between May 1, 2020, and December 31, 2020. The Consolidated Appropriations Act, 2021, enacted December 27, 2020, extended this suspension for three more months, through March 31, 2021.

Based on the current statute, CMS will resume standard sequestration reductions beginning with April 2021 payment for Medicare Advantage, Programs of All-Inclusive Care for the Elderly, Medicare-Medicaid Plans, section 1876 and 1833 cost-based Managed Care Organizations, and Part D. Sequestration will continue to be suspended for retroactive adjustments made to payments for the months of May 2020 through March 2021.

We are aware of potential Congressional action on legislation that could further extend the suspension of sequestration. Should such legislation be signed into law, CMS will make retroactive adjustments in a future payment month as necessary and as consistent with the law.

### **Changes to MARx Plan Transaction Processing**

#### *Batch Input Transaction Data File Name*

As announced in the *May 2019 Detailed Release Memo*, issued through the Health Plan Management System (HPMS) on 04/11/2019, CMS installed changes so that the Enterprise Identity Management (EIDM) User ID is used when sending the Batch Input Transaction Data File to MARx. In order for the Batch Input Transaction Data File to process successfully, and to receive a Batch Completion Summary Report (BCSS), plans should not submit files with the same date and time in the file name. This will cause a MARx system error and prevent the system from generating the BCSS.

#### *Extension of the Transition Period for Submitting MARx Batch Input Header Record*

CMS has extended the transition to June 30, 2021, for plan submitters to use both the old and new MARx Batch Input Detail submission files.

Questions or concerns about any of the information within this letter should be directed to the MAPD Help Desk at [MAPDHelp@cms.hhs.gov](mailto:MAPDHelp@cms.hhs.gov), or 1-800-927-8069.