

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



## CENTER FOR MEDICARE

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**DATE:** May 31, 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) June  
2024 Payment – INFORMATION

This letter provides information about the June 2024 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on May 31, 2024, and other payment related items that may require plan action.

### **2023 Final Risk Adjustment Reconciliation**

The final 2023 risk adjustment reconciliation adjustments are included in the June 2024 payment. As announced in the May 5, 2023 HPMS memo, “Deadline for Submitting Risk Adjustment Data for Use in Risk Score Calculation Runs for Payment Years 2022, 2023, 2024 and 2025,” the updated risk scores are based on diagnoses with dates of service from January 1, 2022 to December 31, 2022 submitted to CMS through January 31, 2024. The payment adjustments appear on the June 2024 Monthly Membership Report (MMR) with Adjustment Reason Code (ARC) 25 – Part C Risk Adjustment Factor Change/Recon, and ARC 37 – Part D Risk Adjustment Factor Change.

CMS has identified situations in which ARC 37 community Part D risk scores were inadvertently changed to new enrollee risk scores for some beneficiaries. CMS has identified the issue and is working toward processing a data cleanup for affected monthly payments. We will provide more details in a future monthly payment information memo.

### **Duplicate Payment Adjustments Data Cleanup**

A MARx data cleanup was conducted to correct duplicate ARC 25 (Part C Risk Adjustment Factor Change/Recon) and ARC 37 (Part D Risk Adjustment Factor Change) payment adjustments created in the November 2023 payment for the 2022 Final Risk Adjustment Reconciliation. The corrected payment adjustments appear on the June 2024 Monthly Membership Report (MMR) using Adjustment Reason Code (ARC) 94 (Adjustment due to cleanup activity) with the Cleanup ID CS1967690.

### **Coverage Gap Discount (CGD) Invoice Offsets**

The CGD invoice offsets are included in the June 2023 payment. There are offsets for 2023 and

2024. They appear in separate lines on the Plan Payment Report (PPR) with an adjustment type code “CGD.”

### **PACE Payment Adjustment in the June 2024 Plan Payment**

As described in the May 15, 2024 HPMS memo titled “PACE Payment Adjustment in the June 2024 Plan Payment,” each year, PACE organizations receive two prospective payments for their dual eligible enrollees: the PACE Part D Cost Sharing Add-on and the PACE Part D Premium Add-on payments. PACE organizations are precluded from charging their dual eligible beneficiaries a premium so CMS provides the PACE Part D Premium Add-on payment to cover any Part D beneficiary premium that would otherwise be incurred by these beneficiaries after the application of the low income premium subsidy (LIPS).

It has been brought to our attention that, beginning in January 2023, the PACE Premium Add On payment amounts have inadvertently included the amount for the LIPS (that is, CMS “double-paid” the LIPS amount each month between January 2023 and May 2024). The PACE Premium Add-On amounts have recently been corrected at the following link: HPMS Home > Plan Bids > Bid Submission > CY yyyy > Review Plan Data > Contract Number > Part D Bid and Payment Amounts.

The June 2024 payment includes payment adjustments to recover the duplicate LIPS amounts paid during these months and, starting in the June 2024 payment, will end the double payment going forward. Any questions may be directed to [PACEPartDPayment@cms.hhs.gov](mailto:PACEPartDPayment@cms.hhs.gov).

The adjustments are included in the June 2024 Monthly Membership Report (MMR) with Adjustment Reason Code (ARC) 36 (Part D Rate Change).

### **2022 Part D Annual Reconciliation Reopening**

On May 2, 2024, CMS released an HPMS memo titled “Completion of the Reopening of the 2022 Final Part D Payment Reconciliation.” CMS has completed calculations for the reopening of the 2022 Final Part D Payment Reconciliation, and any payment adjustments stemming from the results of these calculations will be reflected in the June 2024 payment. These payment adjustments will be displayed on the Plan Payment Report (PPR) as Special CMS Adjustments with the TYPE “PRS.”

### **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](mailto: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.

**Payment Calculated Using Default Risk Scores (Preview of Update for the July Payment)**

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 will appear in the July 2024 payment, and be reported on the Monthly Membership Report with Adjustment Reason Code (ARC) 94 (Special Payment Adjustment due to Cleanup) and will use the Cleanup ID of CS1906339.

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.