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

**Medicare Plan Payment Group**

**DATE:**      March 18, 2011

**TO:**        All Medicare Advantage, Prescription Drug Plan, Cost, PACE, and Demonstration
               Organizations Systems Staff

**FROM:**      Cheri Rice /s/
               Acting Director, Medicare Plan Payment Group

               Alan Constantian /s/
               Director, Information Services Design and Development Group

**SUBJECT:**   **Advance Announcement of August 2011 Software Release**

The Centers for Medicare and Medicaid Services (CMS) continues to implement software
improvements to the enrollment and payment systems that support Medicare Advantage and
Prescription Drug (MAPD) programs. This letter provides advanced information regarding the
planned release of systems changes scheduled for August 2011. This release focuses on
improving the efficiency of CMS systems as well as Plan processing. The changes for this
release are listed below and may require Plan action.

CMS intends to provide the detailed information that Plans will require for implementation in
early May 2011.

**Eliminate Display of Demographic/Blended Payments**

Demographic and Blended Payment data was used to provide transition reporting for payment
years 2000 through 2007 when payments were based upon a blend of the Demographic and Risk
Adjustment payment methodologys. Beginning in 2008, MAPD payments are based solely on
the Risk Adjustment method. This correction discontinues the display and reporting of the
Demographic Payment and Blended Payment components on the user interface (UI) and on all
impacted MARx reports.  On the Monthly Membership Report (MMR), this means eliminating
the reporting of data in fields 31 and 32, "Demographic Payment/Adjustment Rate A/B".  The
display of Demographic and Blended Payment components will be removed from the Snapshot
Screen (M203) and from the Payment/Adjustment Detail Screen (M215). Please note that this
change will not affect any payment calculation, and the Total Part A Payment, Total Part B
Payment, and the Total MA Payment will continue to be reported and displayed for all payments.

If an adjusted payment should have an effective date prior to 2008, the correct blending will be applied to the calculation but simply will not be displayed or reported.

**Uniquely Identify Payment Adjustments due to Cleanups**

Payment adjustments due to cleanups developed by the MARx maintenance contractor currently are mixed together with routine payment adjustments using a common set of Adjustment Reason Codes on the MMR. At times, plans cannot reliably interpret why their payments were adjusted due to this mixing. This change will uniquely identify each payment adjustment appearing on the MMR (and UI) that resulted from a specific cleanup project. Cleanup adjustments will be distinguishable from routine adjustments in two ways:
1. Cleanup Adjustments will be assigned a new Adjustment Reason Code (ARC) that will be reserved exclusively for cleanups.
2. A unique cleanup identifier will be created for each cleanup project. Payment adjustments created for that specific cleanup project will be tagged by adding the identifier as a new field in the MMR detail reports (and UI displays). This unique cleanup identifier will then be referred to in plan communications to provide details about that specific cleanup.

**Monthly Membership Report (MMR) Enhancements**

This change will provide additional information on the MMR:
1. On the MMR Summary Report, a Total Low Income Premium Subsidy Amount will be added, providing this summary amount at the appropriate rollup level (Segment, Plan or Contract).
2. Also on the MMR Summary Report, the Adjusted Payment Section will be expanded for Part D. Currently, this section provides only a total amount adjusted for Part D by ARC. The redesigned report will also break down the Part D adjustment amount by type of payment, i.e., by the amount of Direct Subsidy, Reinsurance Subsidy, Low Income Cost Sharing, etc.
3. The effective monthly Part A, B, and D payment rates used in the payment calculations will be added to the MMR Detail Data File, for both prospective and adjusted payments.

**Zip Code Reply Change**

MARx will now generate a new Transaction Reply Code (TRC) when a zip code changes due to a Transaction Code 01 (CMS systems maintenance notification) or Transaction Code 76 (Residence Address Change). This new TRC will generate when an address update notification changes only the ZIP code information, but does not change the State and County Code (SCC). Existing TRC for SCC and Out of Area Status will continue to generate when appropriate.

**New Enrollment Election Type Code and Use of the New 5 Star SEP**

CMS is establishing a new Special Enrollment Period (SEP) for Five Star plans, and will create a new election type code for use in MARx to identify and track the use of this new SEP.

**NUNCMO Not Utilizing the RETRO Utility**

CMS will enhance processing of NUNCMO information by permitting a former plan to submit retroactive transactions updating uncovered months using a Transaction Type Code 73 via direct batch submission. Currently, plans may only submit these transactions in retroactive files and CMS must pre-approve the transactions. These transactions will process in the normal processing stream (Prospective Batch Process).

**Payment for In-area Functioning Graft Beneficiaries**

Starting in the 2012 payment year, CMS will pay Functioning Graft enrollees based on the blended benchmark for the county where the blended benchmark depends on the Quality Bonus Payment (QBP) for the contract within which the beneficiary is enrolled. For example, if a beneficiary is enrolled in a contract with three stars, the payment for that beneficiary is the three-star QBP benchmark for the beneficiary's county of residence, multiplied by the functioning graft risk score for that beneficiary.

We appreciate your continued support of the MAPD programs.

Plans are encouraged to contact the MAPD Help Desk for any issues encountered during the systems update process. Please direct any questions or concerns to the MAPD Help Desk at 1-800-927-8069 or email at [mapdhelp@cms.hhs.gov](mailto:mapdhelp@cms.hhs.gov).