

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



## MEDICARE PLAN PAYMENT GROUP

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**DATE:** August 12, 2026

**TO:** Medicare Advantage (MA) and Medicare Advantage Prescription Drug (MAPD) plans, Demonstrations, and Program of All-Inclusive Care for the Elderly (PACE) organizations that have elected Full Risk Contract Option for prior years

**FROM:** Shruti Rajan, Acting Director, Medicare Plan Payment Group

**SUBJECT:** 2027 Full Risk Option Continuance for Part A-only Enrollees

The purpose of this memorandum is to remind Medicare Advantage (MA) organizations, Demonstrations, and Program of All-inclusive Care for the Elderly (PACE) organizations that they have a choice of risk score calculation options for enrollees who have 12 months of entitlement to Part A and less than 12 months of Part B enrollment during the data collection year. MA organizations, Demonstrations, and PACE organizations can be paid for these enrollees as either “full risk” or “new enrollee” beneficiaries. Their selection will apply to both Part C and Part D risk scores.

As finalized in the Announcement of Calendar Year (CY) 2006 Medicare Advantage Payment Rates, beneficiaries with 12 months of entitlement to Part A and less than 12 months of Part B enrollment during the data collection period (referred to as “Part A-only” enrollees for purposes of this memo) are considered new enrollees for the purpose of risk adjusted payments. If they choose, organizations may elect to have CMS determine payments for all “Part A-only” enrollees using the full risk adjustment score. A decision to treat all “Part A-only” beneficiaries enrolled in a contract as full risk is typically made when an organization believes that the diagnoses from Part A benefits will result in a risk score that is higher than a new enrollee risk score. **The organization’s decision will be applied to all “Part A-only” enrollees in the contract.**

Organizations that have previously informed CMS that they are electing to be paid the full risk score for beneficiaries in their contract, **do not have to inform CMS if they are not making any changes.**

MA organizations, Demonstrations, and PACE organizations are advised to confirm the status of their Full Risk Option election in the Health Plan Management System (HPMS). If changes need to be made, organizations should elect the appropriate payment option on the “Update Part A/B Full Risk Option Election Data” screen, **no later than September 18, 2026.**

Organizations that wish to confirm the status of their Full Risk Option election(s) or make changes may access the Full Risk Contract Option Election Data screen by following this path in HPMS:

**HPMS Home Page > Contract Management > Basic Contract Management > Select Contract ID > Part A/B Full Risk Option Data.**

For questions specifically regarding the functionality within the HPMS module for the 2027 Full Risk option, please contact the CMS HPMS Help Desk at [hpms@cms.hhs.gov](mailto:hpms@cms.hhs.gov).

For questions related to the 2027 Full Risk Contract Option election, please contact the CMS Risk Adjustment mailbox at [riskadjustmentpolicy@cms.hhs.gov](mailto:riskadjustmentpolicy@cms.hhs.gov).

Thank you.