

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



MEDICARE PLAN PAYMENT GROUP

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

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

SUBJECT: 2027 Full Risk Option Election 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. The 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 wish to elect the Full Risk option for their Part A-only enrollees may access the Full Risk Contract Option Election Data screen by following this path in the Health Plan Management System (HPMS):

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

MA organizations, Demonstrations, and PACE organizations that have not made the Full Risk Option election in prior years have had this option auto-populated to read “No” within HPMS.

MA organizations, Demonstrations, and PACE organizations that want to elect this option must make the change for payment year 2027 on the “Update Part A/B Full Risk Option Election Data” screen, **no later than September 18, 2026**. Otherwise, CMS will determine payment for all “Part A only” beneficiaries using the “new enrollee” risk score.

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.

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

Thank you.