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

CENTER FOR MEDICARE

DATE: November 30, 2022

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) December 2022 Payment – INFORMATION

This letter provides information about the December 2022 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on December 01, 2022.

Incorrect Payments and Missing Adjustments in the January 2022 Payment
During the January 2022 payment processing, MARx processed beneficiary status update and disenrollment transactions but erroneously excluded the payment adjustment from the monthly payment. Instead, an improper prospective payment was paid for January 2022. A data cleanup was processed for the September 2022 payment to correct the excluded payment adjustments. For the December 2022 payment, a data cleanup has been processed and the correct payment adjustments for January 2022 will appear on the December 2022 Monthly Membership Report (MMR) with Adjustment Reason Code (ARC) 94 (Adjustment due to Cleanup Activity) and Cleanup ID CS1232937B.

Sequestration Suspension
The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), enacted on March 27, 2020, suspended the 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. H.R. 1868, enacted on April 14, 2021 further extended the suspension through December 31, 2021. Finally, the Protecting Medicare and American Farmers from Sequester Cuts Act, enacted on December 10, 2021, extended the suspension through March 31, 2022.

Based on the current statute, sequestration will continue to be suspended for retroactive payment adjustments made to payments for the months of May 2020 through March 2022. CMS has resumed sequestration reductions, in accordance with the revised amounts specified in the Protecting Medicare and American Farmers from Sequestration Cuts Act, beginning with April 2022 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. Specifically, CMS is sequestering 1 percent of prospective payments and adjustments for months April 2022 through June 2022 and 2 percent for months beginning with July 2022.

End of Year 2022: Part C Premium Processing (Transaction Code 78)
To reduce the number of Part C Premium Change transactions (TC 78) to be processed for existing enrollments at year end, the MARx system automatically populates beneficiary records with the 2023 premium amount for a plan benefit package – any premiums for basic and mandatory supplemental benefits from the Health Plan Management System (HPMS). MARx performs this update for **all existing** enrollees, including **those impacted by plan rollovers** via the HPMS Crosswalk.

Unless the enrollee has elected optional supplemental benefits for Part C, plans should not need to submit Part C Premium Change transactions for existing enrollments, since MARx will already be using the premium amount without the optional supplemental benefits. For enrollees who elect optional supplemental benefits with 2023 effective dates, Part C plans are required to submit Part C Premium Change transactions (TC 78) with the correct Part C premium amounts (i.e., any premiums for basic and/or mandatory supplemental benefits, plus premiums for optional supplemental benefits).

Part C Premium Change transactions (TC 78) for effective date January 2023 were required to be submitted to MARx beginning November 7, 2022, and no later than the December plan data due date of December 2, 2022, in order to be reflected in the January 2023 payment.

If a plan misses the December 2, 2022 plan data due date, MARx will accept and process plan submitted Part C Premium Changes (TC 78, effective January 1, 2023), until the plan data due date of February 3, 2023.

No Premiums Due
If the Part C premium amount is composed only of elected optional supplemental benefits, and no Part D premium is due, plans should review the "No Premium Due Data File" to identify enrollees who may have been changed to a "No Premium Due" status, and if necessary, submit a Part C Premium Change transaction (TC 78). The file was distributed to plans after the 2023 payment/premium configuration processing completed on November 10, 2022.

End of Year Premium and Premium Payment Option (PPO) Processing for CMS-generated Rollovers
CMS processed CMS-generated rollover and termination actions on November 2 and 3, 2022. During this time, CMS moved members (or "rollover" membership) between PBPs where necessary and, in some circumstances, between contract numbers as specified in the HPMS Crosswalk.

Because the 2023 CMS-generated rollover process is executed prior to when the 2023 Payment/Premium data is loaded to the MARx databases, the MARx premium process will compare the prior year's Part C premium amount to the new plan's Part C premium amount. If the premium amount is inconsistent between the two plans, MARx will use the minimum

Part C premium amount from the new plan and also change the PPO to direct bill. The plan is notified via the DTRR, with a TRC 144 – "PPO CHANGED TO DIRECT BILL", and TRC 182 – "INVALID PT C PREMIUM SUBMITTED CORRECTED, ACCEPTED."

In these cases, plans should submit both a Part C Premium Change (TC 78) and a Premium Payment Option Change (TC 75) transaction for 2023.

End of Year 2022: Premium Payment Option (PPO) Processing (Transaction Code 75)
New premium withholding requests must be submitted by CMS to either the Social Security Administration (SSA) or Railroad Retirement Board (RRB) for confirmation before taking effect on January 1, 2023.

Premium Payment Option Change (TC 75) transactions for effective date January 2023 are required to be submitted to MARx beginning November 7 and no later than the December plan data due date of December 2, 2022.

Plan PPO changes submitted to MARx after the plan data due date of December 2, 2022, will be set to "direct bill" for January 2023. The plan will be notified of this via the DTRR, with a TRC 144 – "PPO CHANGED TO DIRECT BILL."

End of Year 2022: Automatic Assignment of Segment IDs in the MARx System
CMS automates the assignment of Segment IDs for segmented MA organizations. Each State and County Code (SCC) in a plan's service area may only belong to one segment. This enables MARx to automate the assignment of Segment IDs according to the residence SCC of the beneficiary. If a plan does not provide a Segment ID, MARx uses the residence SCC to select the appropriate Segment ID. This assigned Segment ID is returned in the DTRR.

If, for the upcoming plan year, the segments of a plan have been redefined, either because segments have been renumbered or SCCs have been mapped to different segments, MARx will automatically generate Segment Change Transactions (Transaction Type 77) to maintain impacted beneficiaries in the appropriate plan segments for the new year. If a segment terminates at the end of the year, MARx will also automatically move impacted beneficiaries to any of the remaining active segments according to their residence SCC.

CMS continues to permit plans to submit Segment IDs as they do now. If the beneficiary is not out of area for the plan, MARx uses the submitted Segment ID rather than the system-derived one. If a beneficiary is flagged as out of area for the plan, the MARx system automatically assigns a default Segment ID. This occurs even if the plan submits a Segment ID on the enrollment transaction. When the beneficiary is assigned to a default Segment ID, the plan receives TRC 316 – "DEFAULT SEGMENT ID ASSIGNMENT." The default segment will be the segment with the lowest premiums.

Additionally, CMS may change a beneficiary's Segment ID when notified that the beneficiary's address has changed. The newly derived SCC is used to assign the new Segment ID. This activity generates a TRC 317 – "SEGMENT ID REASSIGNED AFTER ADDRESS UPDATE."

If the new address places the beneficiary out of area for the contract, the beneficiary is assigned the default Segment ID.

If premium withholding is requested on the enrollment transaction or the premium payment option transaction for a beneficiary was assigned to a default Segment ID, it will be considered as having an out of area status, and the beneficiary's PPO automatically changes to "Direct Bill." This will generate TRC 393 ("PPO CHANGED TO DIRECT BILL; OUT OF AREA"). However, if a beneficiary with established withholding moves out of area, CMS will report the default Segment ID assignment to SSA/RRB but leave the withholding status unchanged.

CMS alerts MA organizations to default Segment ID assignments and reassignments of Segment IDs due to changes in the SCC through the following defined TRCs on the DTRR:

- TRC 316, "DEFAULT SEGMENT ID ASSIGNMENT"
- TRC 317, "SEGMENT ID REASSIGNED AFTER ADDRESS UPDATE"

The segment assignment process will include service area expansions. If a plan expands the service area of a PBP, MARx will detect this change. If applicable, MARx will move impacted beneficiaries from a default segment to a segment that now contains the SCCs of their addresses and plans will receive TRC 317 – "SEGMENT ID REASSIGNED AFTER ADDRESS UPDATE."

End of Year 2022: Payment Information for Plans Non-Renewing for 2023

(1) Access to the Medicare Advantage Prescription Drug System and Reports:
In order to comply with federal privacy and security laws and guidance, CMS must disable system access for all users when a contract has ended. Access to the MARx system will be disabled 60 days after a contract ends and will no longer transmit MARx monthly payment reports (i.e., Daily Transaction Reply Data File, Monthly Membership Data File, Plan Payment Report) to organizations/sponsors. CMS will cease the distribution of the monthly Plan Payment Report (PPR) after December 31, 2022.

(2) Access to the Health Plan Management System:
Plans may retain access to HPMS in order to perform reporting functions (e.g., DIR, MLR, risk adjustment overpayments, cost reports, and complaint resolution) that continue after the CMS contract has ended. Users must complete the annual user recertification process and maintain their password to retain their CMS user ID.

(3) Retroactive Payment Adjustments:
Organizations/sponsors that need to submit retroactive enrollment or disenrollment transactions, and SCC changes that can cause a retroactive payment adjustment after non-renewal/termination should submit corrected information to the Retroactive Processing Contractor (RPC) within 45 days from the date of its last MARx monthly payment reports. The requested corrections will be verified and, if verified, applied to the plan's member records. Payment adjustments calculated based on information updated by the RPC will be included in the plan's final settlement payment.

(4) Final Settlement:
CMS's final settlement process lasts for a minimum of 18 months after the end of the calendar year in which the contract ended with CMS. As part of the final settlement process, it is important for plans to understand that all applicable reconciliations must process before CMS will officially calculate, disburse, or collect any final settlement payment. Therefore, no payment disbursements or collections will occur between any reconciliation. For contracts

ending in 2022, these reconciliation processes include:

1) 2022 Final Risk Adjustment reconciliation;
2) 2022 Part D annual reconciliation;
3) 2022 Coverage Gap Discount Program annual reconciliation; and
4) 2022 Medical Loss Ratio remittance.

Plans can expect to receive a final settlement package from CMS after July 2024 explaining whether the plans will receive or owe CMS a settlement payment. As part of delivering the final settlement package to the organizations/sponsors, CMS will include all the MMRs created from the time the contract ended until the month the final settlement was processed. These reports will include details for retroactive payment adjustments that accumulated after the contract ended.

However, it is important to note that plans that fail to comply with their remaining data submission requirements may delay the receipt of their final settlement payment. Questions regarding the final settlement process may be emailed to James.Krall@cms.hhs.gov.

Questions or concerns about any of the information within this letter should be directed to the MAPD Help Desk at mapdhelp@cms.hhs.gov, or 1-800-927-8069.