

DEPARTMENT OF HEALTH & HUMAN
SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR MEDICARE

DATE: April 22, 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) May 2022 Payment – INFORMATION

This letter provides information about the May 2022 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on April 29, 2022.

MARx used 2021 Part C and D Default Risk Factors for 2022 Payments

An error was discovered where MARx continued to use the 2021 Part C and D Default Risk Factor values to calculate 2022 payments. The correct Default Risk Factor types were assigned, but the 2021 values were used to calculate the 2022 payments. Default risk factors are used by MARx when a beneficiary does not have a risk score generated from the Risk Adjustment System, typically when they are relatively new to Medicare.

MARx previously conducted a data cleanup to use the 2022 Default Risk Factor values to recalculate payments for January 2022 and forward. Payment adjustments for January and February appeared in the March 2022 MMR with Adjustment Reason Code (ARC) 94 (Adjustment due to Cleanup Activity) and Cleanup ID CS1220873. For a small number of beneficiaries who were not included in the first cleanup, MARx conducted a second cleanup to apply the 2022 Default Risk Factors. These adjustments will appear in the May 2022 MMR with Adjustment Reason Code (ARC) 94 (Adjustment due to Cleanup Activity) and Cleanup ID CS1220873.

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 extends the suspension through December 31, 2021. 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 prospective payments through March 2022 payments. CMS is resuming 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 prospective payments by 1 percent beginning April 1, 2022.

2022 Frailty Score Update

In the September 9, 2020 HPMS memo titled, “Reporting Requirements for HEDIS® Measurement Year (MY) 2020, HOS, and CAHPS® Measures, and Information Regarding HOS and HOS-M for Frailty,” CMS announced that the HOS and HOS-M surveys will continue to be fielded on the August through November timeline in 2021 and going forward. As a result, the Payment Year 2022 frailty score results will be posted in HPMS and incorporated into payment on or around June 2022. Once the scores are applied to the payment calculation, retroactive payment adjustments back to January 2022 will appear on the Monthly Membership Report (MMR) using Adjustment Reason Code (ARC) 18 – Part C Rate Change. Please note that for PACE organizations, MARx will use the default frailty score from the prior year until the new frailty scores are received. For FIDE SNPs, no frailty scores will be applied until the new frailty scores are received.

Changes to MARx Plan Transaction Processing

Batch Input Transaction Data File Name

As announced in the May 2019 Detailed Release Memo, issued through the Health Plan Management System (HPMS) on 04/11/2019, CMS installed changes so that the Enterprise Identity Management (EIDM) User ID is used when sending the Batch Input Transaction Data File to MARx. For the Batch Input Transaction Data File to process successfully, and to receive a Batch Completion Summary Report (BCSS), plans should not submit files with the same date and time in the file name. This will cause a MARx system error and prevent the system from generating the BCSS.

Extension of the Transition Period for Submitting MARx Batch Input Header Record

CMS has extended the transition to December 2022, for plan submitters to use both the old and new MARx Batch Input Detail submission files.

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.