

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



CENTER FOR MEDICARE

DATE: May 29, 2020

TO: All Medicare Advantage Organizations, Prescription Drug Plans, Cost Plans, PACE Organizations, and Demonstrations

FROM: Jennifer R. Shapiro, Medicare Plan Payment Group

SUBJECT: Medicare Advantage/Prescription Drug System (MARx) June 2020 Payment – INFORMATION

This letter provides information about the June 2020 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on June 01, 2020.

2019 Final Risk Adjustment Reconciliation

The final 2019 risk adjustment reconciliation adjustments are included in the June 2020 payment. The updated risk scores are based on diagnoses with dates of service from January 1, 2018 to December 31, 2018. The payment adjustments will appear on the June 2020 Monthly Membership Report (MMR) with Adjustment Reason Code (ARC) 25 – Part C Risk Adjustment Factor Change/Recon, and ARC 37 – Part D Risk Adjustment Factor Change.

Coverage Gap Discount (CGD) Invoice Offsets

The 2019 and 2020 CGD invoice offsets are included in the June 2020 payment. They appear in separate lines on the Plan Payment Report (PPR) with an adjustment type code “CGD.”

Medical Loss Ratio (MLR) Remittances for 2018

For plans that are required to pay 2018 MLR remittances, these adjustments are included in the June 2020 payment. They appear in separate lines on the Plan Payment Report (PPR) with an adjustment type code “MLR.” For more information, please refer to the HPMS memo from Jennifer R. Shapiro dated 10/25/2019 titled “Medical Loss Ratio Data Form and Attestation Submission Reminder for Contract Year 2018.”

Sequestration

As stated in the May 2020 Medicare Advantage/Prescription Drug System (MARx) Payment memo, released April 22, 2020, Section 3709 of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), enacted on March 27, 2020, temporarily suspends sequestration of Medicare programs between May 1, 2020 and December 31, 2020, which we will refer to as the “sequestration suspension period.” As a result, the Centers for Medicare & Medicaid Services (CMS) will suspend the application of the two percent payment reduction that would otherwise apply to Medicare Advantage (MA), Programs of All-Inclusive Care for the Elderly (PACE), Medicare-Medicaid Plans (MMPs), section 1876 and 1833 cost-based Managed

Care Organizations (MCO), and Part D payments for enrollment periods that fall within the given sequestration suspension period. Specifically, for June 2020, CMS will suspend the application of sequestration for the payments made for June 2020 enrollment, and for any adjustments made to payments made for May 2020 enrollments. We will continue to apply sequestration to payment adjustments made for months prior to the beginning of the sequestration suspension period.

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.