

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

DATE: February 28, 2025

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)
March 2025 Payment – INFORMATION

This letter provides information about the March 2025 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on February 28, 2025, and other payment related items that may require plan action.

2017 Risk Adjustment Overpayment Rerun

Included in the March 2025 payment are adjustments from the risk adjustment overpayment rerun for payment year (PY) 2017. These adjustments are related to closed period deletes with dates of service from January 1, 2016, to December 31, 2016, successfully submitted to RAPS and EDPS by 8:00 PM ET, Wednesday, July 31, 2024. Successful submission means that your file was sent, received, all errors and rejections corrected, and accepted by the system prior to the risk adjustment data submission deadline. For more information, please refer to the *Rerun of Payment Year (PY) 2017* HPMS memo dated June 28, 2024.

The PY 2017 overpayment adjustments will appear on the March 2025 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.

Please note CMS identified a technical issue concerning the 2017 overpayment run that resulted in payment inaccuracies for a subset of beneficiaries. Specifically, overpayments calculated for long term institutional (LTI) beneficiaries utilized a community risk factor. Part C community factors tend to be higher than the beneficiaries' respective LTI factors and, as a result, on average, CMS incorrectly overpaid Part C amounts to affected organizations for the LTI months, instead of recouping overpayments where applicable. For Part D, community factors for beneficiaries who have an LTI status tend to be lower than the beneficiaries' respective LTI factors and, as a result, on average, CMS incorrectly recouped more than necessary. CMS will correct the adjustments in a future payment month. Please continue to monitor the MARx monthly payment letters in HPMS for information regarding payment updates.

MARx Data Cleanup: Part D Risk Factors Were Not Updated from New Enrollee to Continuing Enrollee Factors With the 2024 Midyear Risk Adjustment Reconciliation

A MARx software issue caused an issue where Part D New Enrollee factors that should have been updated to Continuing Enrollee factors with the 2024 Midyear Risk Adjustment Reconciliation were not updated. A data cleanup was conducted in MARx to update 2024 Part D risk factors from New Enrollee to Continuing Enrollee factors. The 2024 payment adjustments for this cleanup will be in the March 2025 MMR with Adjustment Reason Code (ARC) 94 (Adjustment Due to Cleanup Activity) and Cleanup ID CS2166121.

Coverage Gap Discount (CGD) Invoice Offsets

The 2024 CGD invoice offsets are included in the March 2025 payment. They appear in separate lines on the Plan Payment Report (PPR) with an adjustment type code “CGD.”

Update Regarding Plan Payments for Employer Group Waiver Plans Participating in the Voluntary Part D Premium Stabilization Demonstration

In the January 15, 2025, HPMS memo titled, “Medicare Advantage/Prescription Drug System (MARx) February 2025 Payment – INFORMATION,” CMS notified plans of a delay in distribution of the \$15 increase in direct subsidy payments under the demonstration for Employer Group Waiver Plans (EGWPs) participating in the voluntary Part D Premium Stabilization demonstration. Participating EGWP standalone prescription drug plans (PDPs) did not receive the \$15 increase in direct subsidy payments per enrollee in January and February payments; in addition, for low-income subsidy (LIS) enrollees, participating EGWP PDPs received approximately \$15 more in LIPSA payments per enrollee than they have received under the demonstration.

March payments for participating EGWP PDPs reflect the correct amounts plans should be receiving under the demonstration and include retroactive payment adjustments for January and February payments.

For additional information about the voluntary Part D premium stabilization demonstration, please refer to the July 29, 2024, HPMS memo titled, “Voluntary Part D Premium Stabilization Demonstration for Standalone Prescription Drug Plans, Release of the *De Minimis* Amount, and Operational Guidance” and the Part D Premium Stabilization Demonstration Q&A.¹

Questions regarding this memorandum can be sent to PartDPaymentPolicy@cms.hhs.gov.

Part C and D Premium Withhold and Part B Premium Reduction in MARx

CMS identified a MARx software issue where updates to the Premium Payment Option (PPO) for Part C/D premium and Part B premium reduction records were not being sent to the SSA causing incorrect premium amounts to be withheld from beneficiary SSA benefits for portions of 2024 and January 2025. CMS has addressed the issue and the correct premium payment option and premium amounts have been updated at the SSA in time for their February or March 2025 SSA benefit disbursement. In most cases beneficiaries are due a refund from SSA.

¹ <https://www.cms.gov/files/document/part-d-premium-stabilization-demonstration-ga.pdf>

Conversion of MARx to Amazon Web Services (AWS)

In July 2023, the MARx system successfully cut over from its mainframe-based architecture and currently is processing enrollment, premium, and payment information in a newly designed AWS cloud-based environment. Although the conversion was a success, we are aware of discrepancies that are affecting payment or reporting. This includes, for example, instances where MARx calculated payment using incorrect Part C and Part D risk scores. CMS is actively working to address these issues in future software fixes and data cleanups, prioritizing based on the nature and impact of the cleanup and will communicate with plans as we work through the cleanups. If you have already submitted a trouble ticket, no further action is required by the plan. If you have been informed by the help desk that your ticket has been consolidated under a “master ticket,” that means we are aware of an issue or concern affecting multiple organizations. Knowing how many organizations are reporting the same problem under the master ticket allows us to assess the scale of the problem and helps us prioritize the fix to the issue. Questions regarding the MARx system can be sent to mapdhelp@cms.hhs.gov.

Sequestration Suspension

While the suspension of sequestration has ended, as required by the statute, we continue to apply the suspension of sequestration for retroactive payment adjustments made for the months of May 2020 through March 2022 and will sequester 1 percent of retroactive payment adjustments made for the months of April 2022 through June 2022 and 2 percent of payments and adjustments for months beginning with July 2022.

If you have any questions or concerns about any of the information within this letter or wish to inquire about the adjustment going into the monthly payment for your plans, please contact the MAPD Help Desk at mapdhelp@cms.hhs.gov, or 1-800-927-8069.