

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

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**DATE:** July 31, 2024

**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)  
August 2024 Payment – INFORMATION

This letter provides information about the August 2024 Medicare Advantage/Prescription Drug payment, which is scheduled for receipt on August 1, 2024, and other payment related items that may require plan action.

### **2019 Risk Adjustment Reconciliation Rerun**

Included in the August 2024 payment are payment adjustments from a risk adjustment reconciliation rerun for payment year (PY) 2019. These adjustments are the result of risk scores that have been updated to reflect data corrections related to updates made to the MAO-004 reports and Risk Adjustment Processing System (RAPS) edits, as well as an update to the CPT/HCPCS list used when filtering FFS diagnoses for beneficiaries who were enrolled in FFS during any time in the data collection year, which is the 12-month period before the payment year. In this case, the data collection period is 2018 dates of service for PY 2019.

As part of our filtering for PY 2019, CMS utilized a CPT/HCPCS list to exclude diagnoses associated with specific services provided in an outpatient setting.<sup>1</sup> CMS updates code lists used in filtering on at least an annual basis.<sup>2</sup> These updates are done in order to keep each list of codes up to date for the data collection period of diagnoses for the applicable payment year. However, the PY 2019 final reconciliation run conducted in calendar year 2020 inadvertently applied a service year (SY) 2012 CPT/HCPCS list, instead of the correct SY 2018 CPT/HCPCS list.

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<sup>1</sup> See Section 120.1.1 of the Medicare Managed Care Manual, Chapter 7, Risk Adjustment for the long-standing requirements regarding (1) the sources of diagnoses that can be used for risk adjustment, and (2) our filtering approach that was used for many years, until the full switch to filtering diagnoses in alignment with encounter data for MA organizations in 2022.

<sup>2</sup> The following codes sets are assessed and updated on a regular schedule (either quarterly or annually) to ensure that the codes used are valid for the applicable payment year: diagnosis codes mapped to HCCs, CPT/HCPCS codes used in filtering diagnoses from encounter data, specialty types used to filter professional diagnoses. Specialty types were used for filtering before PY 2022 for MA organizations and continue to be used for PACE organizations.

The August 2024 payment adjustment incorporates an updated CPT/HCPCS list applicable for PY 2019 (2018 dates of service). Of note, the application of the correct service year CPT/HCPCS list may affect the risk scores for beneficiaries who were enrolled in FFS during any time in the data collection year. CMS will be making corresponding updates to the codes in the CPT/HCPCS lists for the respective data collection years for the reruns of payment years 2020 and 2021. This update has already been made to the PY 2018 payment (see the July 28, 2023 HPMS memo, *Medicare Advantage/Prescription Drug System (MARx) August 2023 Payment – INFORMATION*).

CMS will not make corresponding updates to the CPT/HCPCS lists for payment years 2017 and prior given that the reopenings of the Part D payment reconciliations have already occurred for those years, and pursuant to our discretion at 42 CFR 423.346(a) and (d), CMS does not intend to reopen them. Consequently, CMS will rerun PY 2015 in a future run to reinstate the CPT/HCPCS list that was in place when the reopening of the 2015 Part D payment reconciliation occurred (i.e., the SY 2012 CPT/HCPCS list).

The CPT/HCPCS list applied to this 2019 risk adjustment reconciliation rerun is posted on [CSSC Operations website](#). CMS will post the updated lists for each year as we apply them in reruns.

### **2024 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 be fielded on the August through November timeline starting in 2021 and going forward.

Payment Year 2024 frailty score results were posted to HPMS and scheduled to be incorporated into payment for PACE organizations and qualifying FIDE-SNPs in July 2024. However, CMS encountered an operational issue that resulted in a subset of PACE organizations and qualifying FIDE-SNPs not receiving the 2024 frailty score posted to HPMS. CMS has resolved the issue and PACE organizations and FIDE-SNPs that did not receive their plan-specific 2024 frailty score in July 2024 will receive it for both the prospective payment calculation starting in August and to payments for prior months back to January 2024 as retroactive payment adjustments. The adjustments will appear on the MMR using ARC 18 – Part C Rate Change.

### **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 of the cleanup and the impact 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](mailto: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.

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