

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

DATE: June 28, 2022

TO: Medicare Advantage Organizations with MA Rebates allocated to Part B Premium Reduction for Contract Years 2020 and 2021

FROM: Jennifer R. Shapiro, Director, Medicare Plan Payment Group

SUBJECT: MA Rebates allocated to Part B Premium Reduction and Medical Loss Ratio for Contract Years 2020 and 2021

Medicare Advantage (MA) Organizations, Cost Plans, and Part D Plan Sponsors are required to submit Medical Loss Ratio (MLR) information to CMS for each contract year pursuant to the regulations at 42 CFR §§ 422.2460 and 423.2460. Per §§ 422.2420(b)(1)(ii) and 422.2420(c)(1)(ii), both the MLR numerator and denominator include the amounts applied to reduce the Part B premium for enrollees under the contract for the contract year.

The MLR filing instructions contain information regarding payment reports that CMS provides to plans. Plans may use these payment reports to develop the amounts used in the calculation of the MLR. One of the reports available for use by plans is the Monthly Membership Report (MMR), which contains two fields for the “Rebate for Part B Premium Reduction”: field 59 for the Part A portion of the MA Rebate and field 60 for the Part B portion of the MA Rebate.

We have recently been made aware of a reporting error in these MMR fields beginning January 1, 2020 for plans that had allocated MA Rebates to reduce Part B premiums. While these data fields are populated for EGWP plans, and populated for beneficiaries with End Stage Renal Disease (ESRD) in non-EGWP plans, they are populated with zero for non-ESRD beneficiaries in non-EGWP plans, even for plans that had allocated MA Rebates to reduce Part B premiums in the bid pricing tool for the contract year.

With this memorandum, we are providing a data report with the current, as well as corrected, Part B premium reduction amounts for 2020 and 2021. Using this report, plans should review the total amounts for each year currently in the MMR fields as well as the expected amounts that would have been populated for the Part B premium reduction based on the MA rebate allocation in the contract year bid. This information¹ is available at: HPMS Home > Risk Adjustment > Risk Adjustment > Part B Premium Reduction Data > Contract Year.

¹ The published data is prior to application of any sequestration reduction (that is, “gross” of any sequestration adjustment).

For contracts with non-EGWP plans that had allocated MA Rebates to reduce Part B premiums in the CY 2020 bid pricing tool and also used the MMR fields 59 and 60 to prepare the CY 2020 MLR submission, please review these new data releases and recompute the MLR percentage and remittance for CY 2020.

If the CY 2020 MLR percentage or remittance changes due to the Part B Premium Reduction data issue described in this memo, then please resubmit the CY 2020 MLR Data Form to HPMS by 11:59 PM Pacific Standard Time (PST) on Tuesday, **July 19, 2022**. For contracts with resubmitted MLR reports, the CY 2020 MLR attestations must be submitted in HPMS by 11:59 PM Pacific Standard Time (PST) on Tuesday, **July 26, 2022**.

If the CY 2020 MLR percentage and remittance for the contract are not affected due to the Part B Premium Reduction data issue described in this memo, then the CY 2020 MLR does not need to be resubmitted at this time. The current submission and attestation will continue to apply because §§ 422.2460(b) and 423.2460(b) require submission of only the MLR and the amount of any remittance² and those determinations will remain accurate. Note that the attestation affirms “that the MLR Data Form has been completed in accordance with the Department of Health and Human Services reporting instructions and regulations, according to the best of his/her information, knowledge and belief.”

Note that changes from plans in their CY 2020 MLR resubmissions, other than relatively small revisions for the Part B Premium Reduction data issue described in this memo, are not permitted.

Contracts that submitted CY 2020 MLR on an early timeframe in July 2021 (due to failure to meet the minimum MLR two years in a row) cannot resubmit at this time. The early filing MLRs do not get resubmitted at any later time, as they are based on the information available at the time of submission in order to apply sanctions as needed.

For CY 2021 MLR reporting, organizations should take into account the Part B Premium Reduction data issue described in this memo and review the data published in HPMS when preparing their CY 2021 MLR Data Forms.

For CY 2022 MLR reporting, we will include information pertaining to the Part B Premium Reduction data fields in the CY 2022 MLR filing instructions.

Questions related to the guidance in this memorandum may be sent to MLRreport@cms.hhs.gov.

Technical questions may be addressed to the HPMS Help Desk at hpms@cms.hhs.gov.

² The MLR and the amount of any remittance is reported for credible and partially-credible contracts. Non-credible contracts report to CMS that the contract is not credible.