CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS)

RETROACTIVE ENROLLMENT & PAYMENT VALIDATION

RETROACTIVE PROCESSING CONTRACTOR (RPC)

MEDICAID STATUS UPDATES
STANDARD OPERATING PROCEDURE

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Retroactive Processing Contractor (RPC) – Reed & Associates, CPAs

Effective August 3, 2007, Reed & Associates, CPAs (Reed) was designated by the Centers for Medicare & Medicaid Services (CMS) as the national contractor responsible for processing retroactive transactions for all Medicare Advantage Organizations, Part D Sponsors, Cost-based Plans, Programs of All-Inclusive Care for the Elderly (PACE) Organizations, and Medicare-Medicaid Plans (MMPs). Under the terms of this contract, Reed validates, and processes retroactive transactions as covered by this Standard Operating Procedures (SOP). All transactions submitted by organizations must be in accordance with the processes outlined in these Standard Operating Procedures (SOPs) as well as the latest CMS Guidance.

CMS Guidance/Regulations

The information provided in this SOP should not be interpreted as CMS policy, nor shall it supersede official CMS Guidance including but not limited to:

- Medicare Managed Care Manual Chapter 7 - Risk Adjustment

- Medicare Managed Care Manual Chapter 2 - Medicare Advantage Enrollment and Disenrollment Instructions

- Medicare Managed Care Manual Chapter 17d - Medicare Cost Plan Enrollment and Disenrollment Instructions

- CMS published Health Plan Management System (HPMS) memos

The Medicare Managed Care Manual (Publication # 100-16) is available on the web at:

https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Internet-Only-Manuals-IOMs-Items/CMS019326

CMS Regional Office Account Managers and/or CMS Central Office may, at any time, apply additional requirements on organizations when submitting retroactive transactions to the RPC. Please refer to these appropriate CMS guidance resources for policy/regulatory questions and additional details.

Compliance with Standard Operating Procedures (SOPs)

To process retroactive transactions, formal procedures have been developed by the RPC in accordance with the CMS Retroactive Processing and Payment Validation (RPC) contract. The RPC has developed guidelines to assist organizations in their compliance with CMS' formal procedures. Any retroactive transactions that are submitted by organizations that do not comply with the guidelines may not be accepted. Careful adherence to these guidelines will ensure that retroactive transactions submitted to the RPC are processed timely and accurately.

Medicaid Status Changes - Definition

Medicaid is a State administered program available to certain low-income individuals and families who fit into an eligibility group recognized by Federal and State law. Each State sets its own guidelines regarding eligibility and services. More information on each State's Medicaid program can be found at your State's Medicaid office. Some categories of Medicaid eligibility relieve the beneficiary of liability for Medicare cost sharing above State Medicaid program amounts.

Organizations should recognize these cost sharing limits established by the beneficiary's Medicaid eligibility. If a beneficiary has Medicaid status in the appropriate time period, the relative factor associated with Medicaid is included in the calculation of the beneficiary risk score.

Occasionally, organizations may experience a discrepancy with the risk adjustment payment that is attributed to an incorrect Medicaid status posted for a beneficiary in CMS' Medicare Advantage Prescription Drug System (MARx), resulting in a risk score payment discrepancy. To correct this discrepancy, organizations should follow the guidelines in this SOP to submit a Medicaid transaction to the RPC to manually add or remove a Medicaid status period in MARx.

Note: Only Medicaid status periods with a "Medicaid Source" of "Plans" can be added or removed through the RPC. Medicaid status periods reported by the States cannot be removed via this process.

General Information – Medicaid Status for Determining Part C Risk Adjusted Payments

A. Part C Risk Payments:

In 2008, CMS completed a multi-year transition from demographic-only adjustments to Part C payments to risk adjusted payments. If a beneficiary has Medicaid status in the appropriate time period, the relative factor associated with Medicaid is included in the calculation of the beneficiary risk score. CMS considers a beneficiary "full risk" and includes the *Medicaid factor*[1] in the risk score if the beneficiary has 12 months of Part B in the data collection year and Medicaid status for **at least one full** month in the *data collection* year. The Medicaid factor is also included in the risk score for a "new enrollee", or a beneficiary with less than 12 months of Part B in the data collection year but **at least one full** month Medicaid status in the *payment* year.

For more information about the CMS-HCC risk model, please refer to the Medicare Managed Care Manual (Chapter 7 - § 70 – Risk Adjustment Models) or the training material found at www.csscoperations.com.

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[1] As defined in Medicare Managed Care Manual Chapter 7 (Risk Adjustment) § 70.2.5 – Medicaid.

B. Automatic Medicaid Status Period Updates

CMS uses the Medicare Modernization Act of 1999 (MMA) State files, or the Territory Medicaid equivalent, as the main source of information regarding beneficiaries' Medicaid eligibility. MMA State files provide monthly identification of beneficiaries who are dual eligible (those who are entitled to Medicare and eligible for Medicaid). All States submit monthly files, which include those beneficiaries eligible for comprehensive Medicaid benefits as well as those for whom the State assists with Medicare out-of-pocket expenses such as the Part B premiums. Using the MMA State files as the data source for Medicaid status under the Part C CMS-HCC model promotes consistency across Part C & Part D.

CMS supplements this information on the Medicaid status of Medicare beneficiaries with the following data sources:
- Organization (i.e., Plan) reporting of Medicaid eligibility
- Medicaid eligibility data provided by the Point of Service contractor under the Part D program
- Territory Medicaid:
  - Medicaid eligibility reported by Puerto Rico on monthly files
  - Data from other Territories, as reported on the Third-Party files (this is the only situation in which CMS continues to use the Third-Party files)

While CMS allows organizations to supplement the reporting of Medicaid statuses, CMS expects the organization updates to beneficiary Medicaid status should be minimal for the following reasons:

1. <u>Only one month of Medicaid status is needed to affect the risk score</u> - Since the CMS-HCC model provides for the Medicaid factor to be included when there is at least one month of Medicaid in the data collection (full risk enrollees) or payment (new enrollees) year, organizations are no longer required to report for each month of Medicaid status. If CMS already has at least one month of Medicaid from another source, organizations should not report Medicaid status for the year. The Monthly Membership Report (MMR) or the MARx Status Detail: Medicaid (M257) screen can be used to verify a beneficiary's Medicaid status.
2. The MMA State files provide a significant number of dual eligible beneficiaries and, as a result, organizations will not have as many enrollees whose Medicaid status is missing from CMS systems.

C. Manually Adding a Medicaid Status Period

Medicaid status change transactions can be submitted to the RPC when an organization identifies a discrepancy. Organizations are expected to reconcile their payments and CMS reports to determine whether or not a Medicaid adjustment should be processed. For example, if the organization identifies that a beneficiary is dual eligible, but the beneficiary's Medicaid status is not properly reflected in CMS' files (MMR) or the MARx Status Detail: Medicaid (M257) screen for the appropriate eligibility period (year), then the organization should submit a Medicaid transaction to the RPC.

D. Manually Removing a Medicaid Status Period

If it is identified that a beneficiary was not eligible for a Medicaid status period that was previously or erroneously reported by an organization, a Medicaid Status "Removal" transaction should be submitted to the RPC.

However, since the Medicaid factor is included in the beneficiary's risk score calculation for the entire year based on only one month of Medicaid Status, it is no longer necessary to report a beneficiary's ***change*** in Medicaid status (i.e., entitlement termination), as the entry will not cause the risk score to be recalculated. For example, the MMA State files have reported a Medicaid status period for a beneficiary earlier in the year. If later in the year, the beneficiary has a change in Medicaid status, organizations should not submit a Medicaid Status Removal Transaction to enter or update an "end date" on the beneficiary's Medicaid status period. Additionally, as previously noted, the RPC cannot remove or update Medicaid status periods reported via the MMA State files.

E. Adjustments to Risk Payments:

Risk scores are calculated three times for each payment year. The first risk score calculation is made prior to the payment year using lagged data in the calculation and is used in the initial payment months of the year. The second risk score calculation is made and implemented as of the July payment. The third and final risk score calculation is made after the payment year is over. Medicaid status reported after the first or second risk score calculations are captured in the next calculation.

Note: Once final risk scores are run for a given payment year, CMS does not recalculate risk scores in response to retroactive updates of Medicaid status.

For a complete schedule of Risk Adjustment Submission deadlines, please refer to the RAPS training material at:

http://www.csscoperations.com

Instructions for Submission to the RPC (Reed & Associates)

Organizations must submit all retroactive Medicaid status change transactions to the RPC following the specific guidelines contained in this SOP. If organizations have questions regarding the submission of transactions, they can contact the RPC's Client Services Department.

Transactions are processed and reported in the order received by the RPC. While the detailed submission instructions are noted in sections A–D, the general overall process is noted below:

A. *Organizations submit the following to the RPC:*
   i. *A Cover Letter from the organization.*
   ii. *The RPC Submission Spreadsheet.*
   iii. *Supporting documentation for each beneficiary identified on the RPC Submission Spreadsheet.*

B. *The RPC will import the transactions from the Electronic Retroactive Processing Transmission (eRPT) system into the RPC tracking system and, if necessary, issue Error Reports to organizations.*

C. *The RPC will review transaction(s) and, if applicable, make changes in CMS' systems. A Final Disposition Report (FDR) will be issued to the organizations communicating results of the RPC's review. Organizations should carefully monitor CMS' systems, RPC FDRs, Transaction Reply Reports (TRRs), and MMRs to ensure that all requested transactions have been processed.*

D. *Organizations should resubmit Category 2 transactions to the RPC within 45 days of the issuance of the FDR if the original transaction was not processed as requested.*

Organizations Submitting Transactions to the RPC

Submissions that meet <u>all</u> requirements explained in this SOP should be sent via a "Submission Package" in the eRPT system (https://portal.cms.gov/).

Organizations should ensure that all packages sent to the RPC have been reviewed very carefully noting that all elements described below are included. Any packages received by the RPC that do not meet the requirements in this could negatively impact the RPC's review of the requested transaction.

Submission Packaging Instructions:

A. Cover Letter

A Cover Letter must accompany all transactions submitted to the RPC. This letter should, at a minimum, contain the applicable contract number(s) (i.e., H#, S#, R#, E#) and a Certification Statement, signed by an official representing the organization. Below is an example of appropriate language for the Certification Statement:

*"This signature verifies that the information submitted to the Retroactive Processing Contractor on **<date>** is accurate and complete. A copy of the supporting documentation is being maintained at the organization for each* transaction*."*

Organizations should retain the original Supporting Documentation for the requested transactions.

The Cover Letter should also include any special circumstances or instructions the organization believes may be necessary to assist the RPC in processing the transactions timely and accurately. For example, if the submission contains transactions that required RO Approval or special handling instructions from a Regional Office Account Manager, this information should be stated in the Cover Letter for the RPC to immediately identify.

B. Submission Spreadsheet

Retroactive transactions must be submitted by the organization on the Excel submission spreadsheet template. Organizations may submit multiple transactions and transaction types on a single spreadsheet, using the appropriate transaction tabs. The completed spreadsheet must be saved in an ".xls" or an ".xlsx" file format and sent via a "Submission Package" in the eRPT system (*https://portal.cms.gov/*).   The submission spreadsheet template is available on the Reed & Associates website *(http://www.reedassociates.org/)* in the **RPC Submission Toolkit** section.

The formatting of the RPC Submission Spreadsheet template, including tab names, column headers, column order, cell placement and cell formatting should not be changed or altered in any way. Organizations should note that there are drop-down menus for several of the columns which require very specific responses. **The RPC cannot import transactions that do not meet the formatting requirements of the RPC Submission Spreadsheet.**

NOTE: The completed spreadsheet must be saved in an ".xls" or an ".xlsx" file format to upload it to the eRPT system. This can be accomplished on the "Save As" window in the "Save as Type" field.

Specific instructions for how to complete each column of the spreadsheet are included on the spreadsheet itself. Basic instructions are listed below the column headers.

Please contact the RPC's Client Services Department with questions on how to complete the spreadsheet.

C. Documentation Required for all Medicaid status change transactions

Supporting documentation for each retroactive Medicaid status change transaction is required to be submitted to be reviewed and processed by the RPC.

Organizations must electronically submit Supporting Documentation for each transaction covered by this SOP to the RPC as PDF files via a "Submission Package" in the eRPT system (https://portal.cms.gov/).

Organizations should only submit documentation that is required for processing. Documentation which has not been approved by CMS will not facilitate processing.

For the supporting documentation to be accurately matched to the transaction listed on the RPC Submission Spreadsheet, documentation for each transaction must be sent in individual PDF files. Each transaction should include the RPC Payment Validation Documentation Worksheet found on the Reed & Associates website *(http://www.reedassociates.org/)* along with specific documents required for Medicaid transactions.

The documentation will not import properly if it is not named in the following format (note the dash): **[Contract number]-[Beneficiary ID]** (i.e. H1234-1EG4TE5MK73) and could negatively impact the RPC's review of the requested transaction.

IMPORTANT: As outlined above, the exact syntax must be used when naming supporting documentation to ensure it is imported into our system and correctly matched to the transaction listed on the accompanying Submission Spreadsheet. The standard process for submitting retroactive processing transactions electronically is to create a "Submission Package" in eRPT (https://portal.cms.gov/) and upload the supporting documentation to that package.

NOTE: There is no need to encrypt files uploaded to eRPT as it is a secure system.

Documentation Required (choose one from list):
Please be sure that the documentation provided references the Medicaid effective dates, the beneficiary's name, and Beneficiary ID.

- A copy of the State document that confirms Medicaid entitlement for the requested period, or;
- A screen print from the State's Medicaid system that shows the Medicaid status for the requested period, or;
- A copy of the Medicaid card and documentation that the organization verified Medicaid eligibility with the state including:
  - The date of verification call by the organization,
  - The phone number used to verify eligibility, and
  - The name of the Medicaid staff member who verified the Medicaid period.

D. RPC Importing Transactions & Issuing Error Reports

The RPC will import transactions into the RPC system and update the status of the Submission Package in eRPT to "In Process." Any errors noted during the importation process will be communicated to organizations on an Error Report via eRPT as a "Response Document" at that time.

The status of the Submission Package in eRPT and the Error Report(s) uploaded to the Submission Package should be carefully monitored by organizations to ensure all the transactions are received and imported properly. Transactions that cause an Error Report and are subsequently resubmitted to the RPC are <u>not</u> considered to be resubmissions because they were never processed due to importation errors.

E. RPC Issuance of Final Disposition Reports (FDRs)

If the RPC determines that it *should* and *can* make the requested changes, the retroactive change will be made in CMS' systems.

After processing the transactions, the RPC will provide the organization with a FDR. The Disposition Code on the FDR will indicate whether or not the transaction could be processed as requested. A copy of the Final Disposition Codes are available on the Reed & Associates website (*http://www.reedassociates.org/*) in the **RPC Submission Toolkit** section.

Organizations must have ongoing membership reconciliation processes that include data comparisons of organization information to all relevant CMS/RPC files and reports including FDRs, TRRs, and MMRs.

If the transaction cannot be processed for any reason, the materials submitted to the RPC will <u>not</u> be returned to the organization; however, the disposition code provided by the RPC on the FDR will indicate why the submission, in whole or in part, could not be completed. Disposition code descriptions should be read very carefully to ensure that each transaction can be properly resubmitted and processed by the RPC. (See resubmissions.)

All questions and concerns regarding Final Disposition Reports can be submitted to the RPC's Client Services Department. For transactions or other matters that cannot be resolved by the RPC, organizations should contact their Regional Office Account Manager for assistance.

Resubmissions

Organizations may submit a resubmission request for previously denied retroactive transactions.

An FDR is not issued for records that are not successfully imported by the RPC. Therefore, the second submission of those transactions to the RPC **would not** be considered a resubmission transaction. Organizations should submit those transactions following the normal procedures since they were never originally entered into the system as a valid transaction.

All steps outlined in "Instructions for Submission to the RPC" must be followed for a resubmission (including all documentation which supports the transaction). Requirements for resubmissions are listed below.

1. Resubmission transactions must be sent to the RPC within 45 days of receiving the original FDR. It is highly recommended that organizations reconcile the FDRs to CMS' Systems prior to resubmitting transactions.

2. Organizations can then submit a master submission for all discrepant retroactive transactions.

3. Resubmission transactions must be listed on the Excel RPC Submission Spreadsheet template following the standard submission process described in "Instructions for Submissions to the RPC".

4. On the RPC Documentation Worksheet, organizations should clearly state that the transaction is a resubmission and that it is <u>not</u> a duplicate transaction. Not stating this in the documentation worksheet could negatively impact the RPC's review of the transaction.

5. Resubmissions are subject to documentation requirements detailed above.

If the resubmission has been denied multiple times, it is recommended that the organization contact the Regional Office Account Manager for additional guidance and/or a case-specific approval.

Transaction Inquiries

To follow up on previously submitted Medicaid transactions, an inquiry can be made via "Transaction Inquiry" in eRPT, telephone, or e-mailing the RPC Client Services Department. For inquiries sent via eRPT, organizations are advised to complete the RPC Transaction Inquiry Excel template, available on the Reed & Associates website *(http://www.reedassociates.org/)* in the **RPC Submission Toolkit** or the **RPC Client Services** section, as instructed below.

Completing the RPC Transaction Inquiry Excel Template:

1. Input the following information associated with the submitted transaction:
   a. Inquiry Type (select the type of inquiry for this transaction)
   b. Explanation (If you selected "Question on Rejection" or "Other", please include a brief explanation on your inquiry)
   c. Beneficiary ID (beneficiary's Beneficiary ID)
   d. First Name (beneficiary's first name)
   e. Last Name (beneficiary's last name)
   f. Contract Number (contract number associated with the transaction)
   g. PBP Number (if appropriate)
   h. Transaction type (e.g., Enrollment, LIS, Reinstatement, etc...)
   i. Effective Date
   j. RPC Receipt Date (the day eRPT provided the notification the RPC downloaded the package)
   k. The eRPT Package ID for the Submission Package

2. Create a Transaction Inquiry package in eRPT, upload the completed RPC Transaction Inquiry, and select "Submit".

The RPC Transaction Inquiry Template is available on the Reed & Associates website *(http://www.reedassociates.org/)* in the **RPC Client Services** section. General processing inquiries can be made via e-mail or phone.

RPC's Client Services Department:

Phone: (402) 315-3660
E-mail: clientservices@reedassociates.org

All system issues and questions regarding the eRPT application should be submitted to the MAPD Help Desk (e-mail: MAPDHelp@cms.hhs.gov; phone: 1-800-927-8069). Although the RPC relies heavily on the eRPT application, its development and maintenance is managed by another CMS contractor. Therefore, the RPC can only provide limited support regarding the application.

Acronyms and Abbreviations

Acronyms & Abbreviations	Definitions
AM	Account Manager
BAE	Best Available Evidence
CCM	Current Calendar Month
CMS	Centers for Medicare and Medicaid Services
CMS ART	CMS - Analysis, Reporting and Tracking (ART) system.
CTM	Complaint Tracking Module
DMEC	Division of Medicare Enrollment Coordination
EDI	Electronic Data Interchange
EDV	Enrollment Data Validation
EGHP	Employer Group Health Plan
ELMO	Eligibility Enrollment Medicare Online
eRPT	Electronic Retroactive Processing Transmission
FBDE	Full Benefit Dual Eligible Individual
FDR	Final Disposition Report
HCC	Hierarchical Condition Categories - CMS-HCC
HHS	Health & Human Services
HPMS	Health Plan Management System
IOM	Institute of Medicine
LIS	Low Income Subsidy
MA	Medicare Advantage
MAO	Medicare Advantage Organizations
MAPD	Medicare Advantage Prescription Drug
MA-PD	Medicare Advantage Prescription Drug Plan
MARx	Medicare Advantage Prescription Drug System
MBD	Medicare Beneficiary Database
MBDSS	Medicare Beneficiary Database Suite of Systems
MBI	Medicare Beneficiary Identifier
MCO	Managed Care Organization
MMA	Medicare Modernization Act (of 1999)
MMCO	Medicare Medicaid Coordination Office
MMP	Medicare/Medicaid Plan
MMR	Monthly Membership Reports
PACE	Program of All-Inclusive Care for the Elderly
PBP	Plan Benefit Package
PCUG	Plan Communication User Guide
PDF	Portable Document Format
PDP	Prescription Drug Plan
RAPS	Risk Adjustment Processing System

Acronyms & Abbreviations	Definitions
RAS	Risk Adjustment System
RO	Regional Office
RPC	Retroactive Processing Contractor (Reed)
SAA	State Administering Agency
SAR	Service Area Reductions
SCC	State & County Code
SOP	Standard Operating Procedure
SSA	Social Security Administration
TC	Transaction Code
TRC	Transaction Reply Code
TRR	Transaction Reply Report
TTC	Transaction Type Code
UI	User Interface