

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



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**MEDICARE PLAN PAYMENT GROUP**

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**DATE:** August 14, 2015

**TO:** MA and MAPD plans, Demonstrations, and PACE organizations that have Elected Full Risk Contract Option

**FROM:** Cheri Rice, Director, Medicare Plan Payment Group

**SUBJECT: 2016 Full Risk Contract Option Continuance**

The purpose of this memorandum is to remind Medicare Advantage Organizations (MAOs), Demonstrations, and PACE Organizations that they have the choice of payment options for enrollees who have 12 months of entitlement to Part A and less than 12 months of Part B enrollment during the data collection year. Plan sponsors can be paid for these enrollees as either “full risk” or “new enrollee” beneficiaries. MAOs, demonstrations, and PACE organizations can choose this option for their Part C and Part D risk scores.

Beneficiaries with 12 months of entitlement to Part A and less than 12 months of Part B enrollment during the data collection period (referred to as “Part A-only” enrollees for purposes of this memo) are considered new enrollees for the purpose of risk adjusted payments. If they choose, organizations may elect to have CMS determine payments for all “Part A-only” enrollees using the full risk adjustment factor. A decision to treat all Part A only beneficiaries enrolled in a contract as full risk is typically made when an organization believes that the diagnoses from Part A benefits will result in a risk score that is higher than a new enrollee risk score. **The organization’s decision will be applied to all “Part A-only” enrollees in the contract.**

Beneficiaries with less than 12 months of entitlement to benefits under Part A during the data collection period are treated as new enrollees.

The “full risk” option elected by the organization for a contract will remain turned “on” until CMS is notified otherwise. Thus, as a plan sponsor that has previously informed CMS that they are electing to be paid the full risk score for these beneficiaries in your contract, **you do not have to inform CMS if you are not making any changes.** CMS will apply this option during reconciliation for a payment year only (that is, it will not be applied prospectively). If you would like to make changes for 2016, please contact the CMS Risk Adjustment mailbox at [riskadjustment@cms.hhs.gov](mailto:riskadjustment@cms.hhs.gov) by 11:59 pm PDT **August 31, 2015**. Please include the contract number in the e-mail and specify “Changes to 2016 Full Risk Contract Option” in the subject line.