

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Medicare  
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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

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

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

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. Once plan sponsors have informed CMS that they elect to be paid the full risk score for their Part A-only enrollees, they do not have to inform CMS if they are not making any changes for future years. CMS will apply this option during reconciliation for a payment year only (that is, it will not be applied prospectively).

Plan sponsors who elect the “full risk” option for 2016 must 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 “2016 Full Risk Contract Option Election” in the subject line.