

**MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP**

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DATE: May 11, 2020

TO: Medicare Advantage Organizations

FROM: Kathryn A. Coleman  
Director

SUBJECT: Updated Guidance for Medicare Advantage Organizations

CMS is issuing updated information related to its previously issued April 21st guidance, “Information Related to Coronavirus Disease 2019 - COVID-19.”

- Q. Does the Inpatient Stays Paid under Inpatient Prospective Payment System (IPPS) payment increase under section 3710 of the CARES Act apply to payments made by Medicare Advantage (MA) organizations?
- A. For contracted hospitals, section 1854(a)(6)(B)(iii) of the Act and 42 CFR § 422.256(a)(2)(i) and (ii) prohibit the Centers for Medicare & Medicaid Services from interfering in payment arrangements between MA organizations and contract hospitals by requiring specific price structures for payment. Thus, whether and how the IPPS payment adjustment might affect an MA organization’s payments to its contract hospitals are governed by the terms of the contract between the MA organization and the hospital.

Non-contract hospitals (including hospitals that are “deemed” to be contracting under a private fee-for-service (PFFS) plan), are required under section 1866(a)(1)(O) of the Act to accept the original Medicare payment amount as payment in full for services furnished to an MA enrollee on a non-contract basis. Because the IPPS payment adjustment provided by section 3710 of the CARES Act increases the amount acute care hospitals are entitled to receive under Medicare Part A, this adjustment also applies to MA organizations’ payments to non-contract acute care hospitals. The payment adjustment applies to discharges occurring during the national emergency period of enrollees with a COVID-19 diagnosis.