



CENTER FOR DRUG AND HEALTH PLAN CHOICE

DATE: April 16, 2010

TO: All Medicare Advantage Organizations (MAOs), Prescription Drug Plans (PDP) Sponsors, PACE Organizations, Cost Plans, and Demonstrations

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SUBJECT: MAO and PDP Sponsor Renewal/Non-Renewal Options for CY 2011

The purpose of this memorandum is to provide comprehensive guidance regarding the plan renewal and non-renewal options available to Medicare Advantage Organizations (MAOs) and Prescription Drug Plan (PDP) sponsors for CY 2011. As a result of business decisions, or pre- or post-bid discussions with CMS, MAOs and PDP sponsors may choose to change their current year offerings for the following contract year. Each year, current PDP sponsors and MAOs must complete the HPMS Plan Crosswalk in a way that reflects Plan Benefit Package (PBP) renewal and non-renewal decisions and delineates, for enrollment purposes, the relationships between PBPs offered under each of their contracts for the coming contract year. Sponsors and MAOs must also adhere to certain notification requirements, as specified in this guidance. (Additional instructions about beneficiary notification requirements and model notices will be released this summer.) Most renewal options must be completed in the HPMS Crosswalk, but there are limited exceptions to this requirement, described below.

Overall, the guiding principles underlying this renewal and non-renewal guidance are the fostering of beneficiary choice to the greatest extent possible and protection of enrollment choices beneficiaries have previously made. We believe that beneficiaries should have the opportunity to make active enrollment elections into Original Medicare, a health care plan option, or a PDP option that best fits their particular needs.

In our April 15, 2010 final rule (75 FR 19678-19826), we specified that CMS may review bids to ensure that an organization's or sponsor's plans in a service area are substantially different from those of other plans offered by the organization or sponsor in the area with respect to key plan characteristics such as premiums, cost-sharing, formulary structure, or benefits offered. In addition, we specified that, with some exceptions, we would non-renew plans that do not meet minimum enrollment thresholds after a specified length of time. Organizations and sponsors

should refer to our April 16, 2010 HPMS memoranda, which include important Parts C and D benefits policy and operations guidance in preparation for CY 2011 bid submission, for further information about how these requirements will be operationalized for CY 2011. Although many of the renewal options outlined in this guidance are permissible despite year-to-year changes in benefits, premiums, and cost-sharing, we urge organizations and sponsors to maintain comparable benefits across contract years to the greatest extent possible in order to ensure that enrollees' enrollment elections remain valid. Section 3209 of the Patient Protection and Affordable Care Act of 2010 provides CMS with authority to deny plan bids if an organization's or sponsor's proposed plan benefit package includes significant increases in cost-sharing or decreases in benefits offered. CMS is considering rulemaking to further refine this provision for CY 2012.

Attachments A and B outline all permissible renewal and non-renewal options for CY 2011 for MAOs and PDP sponsors, respectively, including their method of effectuation, systems enrollment activities, enrollment procedures, and required beneficiary notifications. CMS will also provide precise technical instructions for completing the HPMS Plan Crosswalk for each MAO or PDP sponsor renewal or non-renewal option in the HPMS Bid Submission User Manual. Sponsors and organizations should note that we have eliminated some exceptions that were allowed in previous years, and modified previous options available under the HPMS Plan Crosswalk. **If a renewal or non-renewal scenario is not outlined in Attachments A or B, it is not a permissible renewal option.**

Each renewal/non-renewal option outlined in Attachments A and B includes, where applicable, instructions or deadlines for requesting particular renewal options that organizations and sponsors cannot themselves effectuate in the HPMS Plan Crosswalk. To ensure smooth year-to-year transitions, sponsors and organizations should communicate early with CMS staff and comply with all established deadlines. Organizations and sponsors will not be allowed to make changes to their HPMS Plan Crosswalks once bids are approved by CMS in August 2010. After that point, CMS will only make changes to organizations' and sponsors' HPMS Plan Crosswalks under very limited circumstances. Furthermore, any renewal options that require organizations and sponsors to submit manual enrollment transactions must be completed both correctly and completely pursuant to instructions that CMS will release later this year.

A. MA PBP Renewal and Non-Renewal Guidance

Each renewal/non-renewal option available to MAOs for CY 2011 is outlined in Attachment A and summarized below. Some of these actions can be effectuated by MAOs in the HPMS Plan Crosswalk, while others require explicit prior approval from CMS. Note that CMS will not permit plan renewals across product types. For example, an MA-only plan cannot be renewed as, or consolidated into, an MA-PD plan (and vice versa). Furthermore, we will not permit Health Maintenance Organization (HMO) plans to renew as, or consolidate into, Preferred Provider Organization (PPO) plans (and vice versa); HMO plans or PPO plans to renew as, or consolidate into, Private-Fee-for-Service (PFFS) plans (and vice versa); Special Needs Plans (SNPs) to renew as, or consolidate into, non-SNP MA plans (and vice versa); or section 1876 cost contract plans to renew as, or consolidate into, MA plans (and vice versa). With limited

exceptions (outlined below) CMS will not permit consolidation of PBPs, regardless of plan type, across contracts.

1. New Plan Added

An MAO may create a new PBP for the following contract year with no link to a PBP it offers in the current contract year in the HPMS Plan Crosswalk. In this situation, beneficiaries electing to enroll in the new PBP must complete enrollment requests, and the MAO offering the MA plan must submit enrollment transactions to MARx.

2. Renewal Plan

An MAO may continue to offer a current PBP that retains all of the same service area for the following year. The renewing plan must retain the same PBP ID number as in the previous contract year in the HPMS Plan Crosswalk. Current enrollees are not required to make an enrollment election to remain enrolled in the renewal PBP, and the MAO will not submit enrollment transactions to MARx for current enrollees. New enrollees must complete enrollment requests, and the MAO will submit enrollment transactions to MARx for those new enrollees. Current enrollees of a renewed PBP must receive a standard Annual Notice of Change (ANOC) notifying them of any changes to the renewing plan.

3. Consolidated Renewal Plan

MAOs are permitted to combine two or more entire PBPs offered in the current contract year into a single renewal plan in the HPMS Plan Crosswalk so that all enrollees in the combined plans are under one PBP with the same benefits in the following contract year. However, an MAO may not split a current PBP among more than one PBP for the following contract year. An MAO consolidating one or more entire PBPs with another PBP must designate which of the renewal PBP IDs will be retained following the consolidation. The renewal PBP ID will be used to transition current enrollees of the plans being consolidated into the designated renewal plan. This is particularly important with respect to minimizing beneficiary confusion when a plan consolidation affects a large number of enrollees.

Current enrollees of a plan or plans being consolidated into a single renewal plan will not be required to take any enrollment action, and the organization will not submit enrollment transactions to MARx for those current members. However, the MAO may need to submit updated 4Rx data to CMS for the current enrollees affected by the consolidation. New enrollees must complete enrollment requests, and the MAO will submit enrollment transactions to MARx for those new enrollees. Current enrollees of a consolidated renewal plan must receive a standard ANOC.

4. Renewal Plan with a Service Area Expansion (SAE)

An MAO may continue to offer the same local MA PBP but add one or more new service areas (i.e., counties) to the plan's service area in the following contract year. Organizations that include any new service area additions to a PBP should have submitted an SAE application to

CMS for review and approval. An MAO renewing a plan with a SAE in the HPMS Plan Crosswalk must retain the renewed PBP's ID number in order for all current enrollees to remain enrolled in the same plan in the following contract year.

Current enrollees of a PBP that is renewed with a SAE will not be required to take any enrollment action, and the MAO will not submit enrollment transactions to MARx for those current enrollees. New enrollees must complete enrollment requests, and the MAO will submit enrollment transactions to MARx for those new enrollees. Current enrollees of a renewed PBP with a SAE must receive a standard ANOC notifying them of any changes to the renewing plan.

5a. Renewal Plan with a Service Area Reduction (SAR) and No Other MA Options Available

An MAO offering a local MA plan may reduce the service area of a current contract year's PBP. This is known as a service area reduction, or SAR. An MAO renewing a plan with a SAR must retain the renewed PBP's ID number in the HPMS Plan Crosswalk so that current enrollees in the renewal portion of the service area remain enrolled in the same plan in the following contract year. Current enrollees in the renewal portion of the service area will not be required to take any enrollment action, and the MAO will not submit enrollment transactions in MARx for these current members. Current enrollees in the renewal portion of the service area must receive a standard ANOC notifying them of any changes to the renewing plan.

For the CY 2011 contract year, current plan enrollees in reduced service areas will be disenrolled at the end of 2010, regardless of whether the MAO has other plans available in the reduced area. These individuals will need to elect another plan affected by the SAR regardless of whether the MAO has other options available. Please note that this is a change from CMS' previous policy, where we permitted MAOs to transition current enrollees to another PBP offered by the MAO in the reduced service area, if one was available. The MAO will submit disenrollment transactions pursuant to instructions that CMS will release later this year.

The MAO will send a termination notice to enrollees in the reduced portion of the service area that includes notification of special election period (SEP) and Medigap guaranteed issue rights. Where there are no other MA options in the reduced service area, the MAO may offer current enrollees in the reduced portion of the service area the option of remaining enrolled in the renewal plan consistent with CMS continuation area policy as provided under 42 CFR 422.74(b)(3)(ii). If an MAO elects to offer current enrollees in the reduced service area the option of remaining enrolled in the renewal plan, the MAO may provide additional information in the termination notice about the option to remain enrolled in the plan for CY 2011. However no specific CY 2011 plan information can be shared with any beneficiaries prior to October 1, 2010. Any current enrollees in the reduced portion of the service area who wish to continue their enrollment must complete an enrollment request, and the organization must submit enrollment transactions to MARx for those members.

5b. Renewal Plan with a Service Area Reduction (SAR) When the MAO Will Offer Another PBP in the Reduced Portion of the Service Area

An MAO offering a local MA plan may elect to reduce the service area of a current contract year's PBP and make the reduced area part of a new or renewal MA PBP service area in the following contract year. An MAO renewing a plan with a SAR must retain the renewed PBP's ID number in the HPMS Plan Crosswalk so that current enrollees in the renewal portion of the service area remain enrolled in the same plan in the following contract year. Current enrollees in the renewal portion of the service area will not be required to take any enrollment action, and the MAO will not submit enrollment transactions to MARx for these current members. These individuals must receive a standard ANOC notifying them of any changes to the renewing plan.

Current enrollees in the reduced portion of the service area must be disenrolled, and the MAO must submit disenrollment transactions to MARx for these individuals, pursuant to instructions that CMS will release later this year. The MAO will send a termination notice to current enrollees in the reduced portion of the service area that includes notification of special election period (SEP) and Medigap guaranteed issue rights. If the MAO offers one or more MA plans in the reduced portion of the service area, it may offer current enrollees in the reduced portion of the service area the option of enrolling in that plan (or those plans). However, no specific CY 2011 plan information can be shared with any beneficiaries prior to October 1, 2010. Any current enrollees in the reduced portion of the service area who wish to enroll in another MA plan offered by the same organization in the reduced service area must complete an enrollment request, and the organization must submit enrollment transactions to MARx for those members.

6. Terminated Plan (Non-Renewal)

An MAO may elect to terminate a current PBP for the following contract year. In this situation, the MAO will not submit disenrollment transactions to MARx for affected enrollees. CMS will disenroll these individuals from the MA plan at the end of 2010. These individuals must make a new election for their Medicare coverage for the following contract year. Regardless of whether these individuals elect to enroll in another plan offered by the same or another MAO, or to revert to Original Medicare and enroll in a PDP, they must complete an enrollment request, and the enrolling organization or sponsor must submit enrollment transactions to MARx. If these individuals do not make a new MA plan election prior to the beginning of the following contracting year, they will have Original Medicare coverage as of January 1, 2011. Enrollees in terminated PBPs will be sent a termination notice by the terminating plan that includes notification of a special election period and Medigap guaranteed issue rights. For more information about non-renewal processes and beneficiary notification requirements, refer to our forthcoming HPMS memorandum providing non-renewal and service area reduction guidance and model notices, to be released this summer.

7a, 7b, 8a, 8b, 9a, and 9c. Non-Network and Partial Network PFFS Plans Transitioning to Partial or Full Network PFFS Plans

Beginning CY 2011, the Medicare Improvements for Patients and Providers Act (MIPPA) of 2008 requires PFFS plans in certain counties ("network counties" with two network plans available) to operate with networks. We have historically required organizations to establish separate contracts for PFFS non-network, partial network, and network plans. CMS has not typically allowed plans to move members from one contract to another, and contract-to-contract

moves are currently not possible in the HPMS Plan Crosswalk. However, CMS created an exception to this rule for CY 2010, which we will continue for CY 2011, in anticipation of a large number of transitions from non- or partial network PFFS plans to partial or full network PFFS plans due to the implementation of the MIPPA PFFS network requirements. The permissible PFFS transitions are outlined below. We note that some of these scenarios involve consolidations of whole PFFS PBPs and others involve transitions of some, but not all, counties of current non-network and partial network PFFS PBPs.

MAOs cannot complete the outlined PFFS renewal options in the HPMS Plan Crosswalk. An MAO must complete and submit a request to Sara Silver at sara.silver@cms.hhs.gov by June 7, 2010. She will coordinate the review of the request and, if approved, complete the renewal on behalf of the requesting MAO. In addition, for those transitions that will involve some, but not all, counties of current non-network and partial network PFFS PBPs, MAOs must submit enrollment transactions to MARx for individuals residing in consolidating counties (i.e., where the contract and PBP number will be different in 2011) following the instructions that CMS will release later this year. To request any of the PFFS exceptions outlined below, organizations must indicate in the subject line of the email “HPMS PFFS crosswalk exceptions request for <Organization Name>” and include the following information in the request.

2010 Contract Number	2010 Contract Name	2010 Plan ID	Whole or Partial 2010 PBP Affected?	2011 Contract Number	2011 Contract Name	2011 Plan ID

NOTE: If a partial 2010 PBP is affected and you wish to submit enrollment transactions to move members to more than one 2011 plan, please list all 2011 plans in your request.

7a. Non-Network PFFS Plan Transitioning to a Partial Network PFFS Plan

An MAO with a PFFS non-network contract may consolidate one or more current non-network PFFS PBPs into a new or renewal partial network PFFS PBP under a separate contract held by the same legal entity. HPMS will record the consolidation of one or more PBPs following the submission and approval of an exceptions request (per the instructions outlined above).

Current enrollees of a PFFS non-network plan or plans being consolidated into a new or renewal PFFS partial network plan will not be required to take any enrollment action, and the organization will not submit enrollment transactions to MARx for those current members, although it may need to submit updated 4Rx data to CMS for the current enrollees affected by the consolidation. New enrollees must complete enrollment requests, and the MAO will submit enrollment transactions to MARx for those new enrollees. Current enrollees of the consolidated PFFS partial network plan must receive a standard ANOC.

7b. Some Counties of a Non-Network PFFS Plan Transitioning to a Partial Network PFFS Plan

An MAO with a PFFS non-network contract may consolidate some counties in the service area of a current non-network PFFS PBP into a single new or renewal partial network PFFS PBP under a separate contract held by the same legal entity. Current enrollees in the remaining counties in the 2010 non-network PFFS PBP may remain in the current non-network PBP provided the MAO follows the rules for a renewal plan with a SAR described elsewhere in this guidance.

Following the submission of an exceptions request (per the instructions outlined above) and its approval, the MAO must submit enrollment transactions to MARx for current enrollees in the counties affected by the SAR who will be transitioned to a new or renewing partial network PBP under a separate contract held by the same legal entity. CMS will provide specific instructions for the submission of these transactions later in the year. New enrollees must complete enrollment requests, and the MAO will submit enrollment transactions to MARx for those new enrollees as usual. Current enrollees transitioned to the PFFS partial network plan must receive a standard ANOC.

8a. Non-Network PFFS Plan Transitioning to a Full Network PFFS Plan

An MAO with a PFFS non-network contract may consolidate one or more current entire non-network PFFS PBPs into a new or renewal full network PFFS PBP under a separate contract held by the same legal entity. HPMS will record the consolidation of one or more PBPs following the submission and approval of an exceptions request (per the instructions outlined above).

Current enrollees of a PFFS non-network plan or plans being consolidated into a new or renewal PFFS full network plan will not be required to take any enrollment action, and the organization will not submit enrollment transactions to MARx for those current members, although it may need to submit updated 4Rx data to CMS for the current enrollees affected by the consolidation. New enrollees must complete enrollment requests, and the MAO will submit enrollment transactions to MARx for those new enrollees. Current enrollees of the consolidated PFFS full network plan must receive a standard ANOC.

8b. Some Counties of a Non-Network PFFS Plan Transitioning to a Full Network PFFS Plan

An MAO with a PFFS non-network contract may consolidate some counties in the service area of a current non-network PFFS PBP into a single new or renewal full network PFFS PBP under a separate contract held by the same legal entity. Current enrollees in the remaining counties in the 2010 non-network PFFS PBP may remain in 2011 current non-network PBP provided the MAO follows the rules for a renewal plan with a SAR described elsewhere in this guidance.

Following the submission of an exceptions request (per the instructions outlined above) and its approval, the MAO must submit enrollment transactions to MARx for current enrollees in the counties affected by the SAR who will be transitioned to a new or renewing full network PBP under a separate contract held by the same legal entity. CMS will provide specific instructions for the submission of these transactions later in the year. New enrollees must complete enrollment requests, and the MAO will submit enrollment transactions to MARx for those new

enrollees. Current enrollees transitioned to the PFFS full network plan must receive a standard ANOC.

9a. Partial Network PFFS Plan Transitioning to a Full Network PFFS Plan

An MAO with a PFFS partial network contract may consolidate one or more current partial network PFFS PBPs into a new or renewal full network PFFS PBP under a separate contract held by the same legal entity. HPMS will record the consolidation of one or more PBPs following the submission and approval of an exceptions request (per the instructions outlined above).

Current enrollees of a PFFS partial network plan or plans being consolidated into a new or renewal PFFS full network plan will not be required to take any enrollment action, and the organization will not submit enrollment transactions to MARx for those current members. New enrollees must complete enrollment requests, and the MAO will submit enrollment transactions to MARx for those new enrollees. Current enrollees of the consolidated PFFS full network plan must receive a standard ANOC.

9b. Some Counties of a Partial Network PFFS Plan Transitioning to a Full Network PFFS Plan

An MAO with a PFFS partial network contract may consolidate some counties in the service area of a current partial network PFFS PBP into a single new or renewal full network PFFS PBP under a separate contract held by the same legal entity. Current enrollees in the remaining counties in the 2010 partial network PFFS PBP may remain in the 2011 partial network PBP provided the MAO follows the rules for a renewal plan with a SAR described elsewhere in this guidance.

Following the submission of an exceptions request (per the instructions outlined above) and its approval, the MAO must submit enrollment transactions to MARx for current enrollees in the counties affected by the SAR who will be transitioned to a new or renewing full network PBP under a separate contract held by the same legal entity. CMS will provide specific instructions for the submission of these transactions later in the year. New enrollees must complete enrollment requests, and the MAO will submit enrollment transactions to MARx for those new enrollees. Current enrollees transitioned to the PFFS full network plan must receive a standard ANOC.

10a. Non-Renewing Dual Eligible SNP (D-SNP) with No State Contract that Converts to a New D-SNP with a Different Designation and a State Contract

An MAO offering a CY 2010 D-SNP PBP with no State contract that has requested conversion to a different D-SNP type under the same MAO contract may retain current eligible enrollees in the renewal D-SNP PBP. The renewing plan must retain the same PBP ID number as in the previous contract year.

Current enrollees who are eligible for the D-SNP are not required to make an enrollment election to remain enrolled in the renewal PBP, and the MAO will not submit enrollment transactions to

MARx for these current eligible enrollees. The MAO must submit disenrollment transactions to MARx for current enrollees who are no longer eligible for the renewing D-SNP's designation, pursuant to instructions that CMS will release later this year.

Current eligible enrollees remaining in the D-SNP must receive an ANOC, as well as a CMS model notice advising them of the changes to their plan benefits, that they will remain enrolled in the plan, that they have a special election period, and, if appropriate, that they have Medigap guaranteed issue rights.

Current enrollees whose enrollment is terminated because they are no longer eligible for the renewing D-SNPs designation will be sent a termination notice that includes notification of plan options, a special election period, and, if appropriate, Medigap guaranteed issue rights.

10b. Non-Renewing Dual Eligible SNP (D-SNP) Consolidating with a D-SNP with a State Contract

An MAO offering one or more CY 2010 D-SNP PBPs with no State contracts may consolidate those PBPs into a single renewal PBP that is a D-SNP with a State contract (offered by the same MAO under the same contract and containing the applicable service area of all consolidating PBPs). The organization must retain one of the 2010 plan IDs as the renewal 2011 plan ID.

Current eligible enrollees are not required to make an enrollment election to remain enrolled in the consolidated renewal PBP, and the MAO will not submit enrollment transactions to MARx for those current eligible enrollees. However, the MAO must submit disenrollment transactions for current enrollees who are no longer eligible for the renewing D-SNP's designation, pursuant to instructions CMS will release later this year..

Current eligible enrollees of the consolidated renewal PBP must receive a CMS model notice advising them of any changes to the consolidated renewal plan, their continued enrollment in the plan, their special election period, and, if appropriate, Medigap guaranteed issue rights. Current enrollees whose enrollment is terminated because they are no longer eligible for the renewing D-SNPs designation will be sent a termination notice that includes notification of plan options, a special election period, and, if appropriate, Medigap guaranteed issue rights.

11. MAO with a Renewing D-SNP that Also Creates a New Medicaid Subset D-SNP

An MAO that renews a CY 2010 D-SNP that retains the same service area for CY 2011 and also creates a new Medicaid subset D-SNP PBP for CY 2011 may transition the subset of current enrollees who are eligible for the new Medicaid subset into the new Medicaid subset D-SNP PBP and may retain current enrollees who are not eligible for the new Medicaid subset D-SNP in the renewing D-SNP. The renewing plan must retain the same PBP ID number as in the previous contract year. MAOs that meet the criteria for this renewal option must complete and submit a request to Sara Silver at sara.silver@cms.hhs.gov by June 7, 2010. She will coordinate the review of the request and, if approved, the MAO will be permitted to submit enrollment transactions to transition eligible current enrollees into the new Medicaid subset D-SNP. To request the exception, organizations must indicate in the subject line of the email "HPMS

Medicaid Subset MARx enrollment exception for <Organization Name>” and include the following information in the request:

2010 Contract Number	2010 Contract Name	2010 Plan ID	2011 Contract Number	2011 Contract Name	2011 Plan ID of New Medicaid Subset D-SNP

Current enrollees not eligible for the new Medicaid subset D-SNP are not required to make an enrollment election to remain enrolled in the renewal PBP, and the MAO will not submit enrollment transactions to MARx for these current enrollees not eligible for the new Medicaid subset D-SNP. The MAO must submit enrollment transactions for current enrollees eligible for the new Medicaid subset D-SNP in order to enroll them in the new Medicaid subset D-SNP pursuant to instructions that CMS will release later this year. New enrollees in either the renewing or new Medicaid subset D-SNP must complete enrollment requests, and the MAO will submit enrollment transactions to MARx for those new enrollees.

Current enrollees not eligible for the new Medicaid subset D-SNP and who remain in the renewal D-SNP PBP must receive a standard ANOC. Current enrollees transitioned to the new Medicaid subset D-SNP must receive a standard ANOC, as well as a CMS model notice that notifies them of their enrollment in the plan, a special election period, and, if appropriate, Medigap guaranteed issue rights.

12. Renewing SNP with Ineligible or “Disproportionate Share” Members

As provided under MIPPA and in section 20.11 of the MA Enrollment and Disenrollment Guidance, SNPs may only enroll individuals who meet the plan’s specific eligibility criteria; they may no longer enroll and serve a “disproportionate share” of individuals who do not meet the targeted criteria or condition. Also pursuant to MIPPA and section 20.11 of the MA Enrollment and Disenrollment Guidance, chronic care SNPs (C-SNPs) may only enroll and serve individuals with certain chronic conditions, as specified by CMS.

Many SNPs currently include members: (1) who enrolled prior to January 1, 2010 under the previous “disproportionate share” policy option (i.e., the members did not meet the special needs criteria at the time of enrollment); or (2) who were enrolled in a C-SNP as of January 1, 2010, but no longer met the special needs criteria as of that date. In both of these circumstances, rather than require the MAO offering these SNPs to involuntarily disenroll these members as of December 31, 2009 because they no longer met the SNP’s targeted criteria, CMS required the MAOs to allow these individuals to continue to be enrolled through CY 2010. However, effective CY 2011, SNPs that include members who enrolled under the two circumstances described above will be required to disenroll those individuals if they do not request enrollment in a different plan prior to January 1, 2011.

In order to facilitate this process, in our January 11, 2010 HPMS memorandum, we required MAOs offering SNPs to provide their account managers with information regarding the total number of non-special needs individuals enrolled in these SNPs as of January 1, 2010. The deadline for providing this information to CMS is June 30, 2010. This accounting will assist MAOs with notifying and disenrolling these individuals for CY 2011. Once they have identified these members, MAOs must notify each individual on or before October 1, 2010, that he/she will be disenrolled effective January 1, 2011, and will need to enroll in another plan prior to that date if he/she wants MA coverage for CY 2011. MAOs will not be permitted to transition these current enrollees into other non-SNP MA plans offered by the organization. CMS will provide a model beneficiary disenrollment notice as part of the annual non-renewal and service area reduction guidance. MAOs must retain any of these enrollees whose circumstances change and who regain special needs status prior to CY 2011.

Refer to the renewal plan guidance provided in this memorandum for the notification requirements for current SNP enrollees who are not among the non-special needs individuals described above and will remain enrolled in the plan for 2011.

Enrollees who lose special needs status in 2010 must be notified and disenrolled, if necessary, in accordance with the requirements in section 50.2.5 of the MA Enrollment and Disenrollment Guidance.

B. PDP PBP Renewal and Non-Renewal Guidance

PDP regions are defined by CMS and consist of one or more entire states (refer to Appendix 3, Chapter 5, of the Prescription Drug Benefit Manual for a map of the 34 PDP regions). Each PDP sponsor's PBPs must be offered in at least one entire region and a PDP sponsor's PBP cannot be offered in only part of a region. Please note that PDP bidding rules require PDP sponsors to submit separate bids for each region to be covered. HPMS only accepts a PDP sponsor's PBPs to cover one region at a time for individual market plans (e.g., a PDP sponsor offering a "national" PDP must submit 34 separate PBP bids in order to cover all PDP regions).

A PDP sponsor may expand the service area of its offerings by submitting additional bids in the PDP regions the sponsor expects to enter in the following contract year, provided the sponsor submits a PDP Service Area Expansion (SAE) application and CMS approves that application and then approves the sponsor's submitted bids for the new region or regions. For more information about the application process, refer to:

http://www.cms.hhs.gov/PrescriptionDrugCovContra/04_RxContracting_ApplicationGuidance.asp#TopOfPage.

Conversely, a PDP sponsor may reduce its service area by electing not to submit bids for those regions from which it expects to withdraw. A PDP sponsor must notify CMS in writing of its intent to non-renew by the first Monday in June pursuant to 42 CFR §423.507(a)(2)(i). However, even absent written notification to CMS, a PDP sponsor's failure to submit a timely bid to CMS constitutes a voluntary non-renewal by the sponsor. (Note that PDP sponsors reducing their service areas must provide notice of their action to affected beneficiaries

consistent with regulatory requirements, CMS' PDP Eligibility, Enrollment, and Disenrollment Guidance, Chapter 3 of the Prescription Drug Benefit Manual and CMS non-renewal and service area reduction guidance.)

Each renewal/non-renewal option available to PDP sponsors for CY 2011 is outlined in Attachment B and summarized below. All but one of these actions can be effectuated by PDP sponsors in the HPMS Plan Crosswalk.

1. New Plan Added

A PDP sponsor may create a new PBP for the following contract year with no link to a PBP it offers in the current contract year in the HPMS Plan Crosswalk. In this situation, beneficiaries electing to enroll in the new PBP must complete enrollment requests, and the PDP sponsor offering the PBP must submit enrollment transactions to MARx. No beneficiary notice is required in this case beyond receipt of the Evidence of Coverage (EOC), and other documents as required by current CMS guidance, following enrollment.

2. Renewal Plan

A PDP sponsor may continue to offer a current PBP that retains all of the same service area for the following year. The renewing plan must retain the same PBP ID number as in the previous contract year in the HPMS Plan Crosswalk. Current enrollees are not required to make an enrollment election to remain enrolled in the renewal PBP, and the sponsor will not submit enrollment transactions to MARx for current enrollees. New enrollees must complete enrollment requests, and the sponsor will submit enrollment transactions to MARx for those new enrollees. Current enrollees of a renewed PBP must receive a standard Annual Notice of Change (ANOC) notifying them of any changes to the renewing plan.

3. Consolidated Renewal Plan

PDP sponsors are permitted to combine two or more entire PBPs offered in the current contract year into a single renewal plan in the HPMS Plan Crosswalk. A PDP sponsor may not split a current PBP among more than one PBP for the following contract year. A PDP sponsor consolidating one or more entire PBPs must designate which of the renewal PBP IDs will be retained following the consolidation; the organization's designated renewal plan ID must remain the same in order for CMS to consolidate the beneficiary's election by moving him or her into the designated renewal plan ID. This is particularly important with respect to minimizing beneficiary confusion when a plan consolidation affects a large number of enrollees. When consolidating two existing PBPs into a single renewal PBP, it is permissible for the single renewal PBP to result in a change from:

- (1) A basic benefit design (meaning either defined standard, actuarially equivalent standard, or basic alternative benefit designs) to another basic benefit design;
- (2) An enhanced alternative benefit design to a basic benefit design; or

- (3) An enhanced alternative benefit design to another enhanced alternative benefit design.

We will not, however, permit consolidation of two existing PBPs into a single renewal PBP through the HPMS Plan Crosswalk when it involves a change from a basic benefit design to an enhanced alternative benefit design, since enrollees previously not subject to a supplemental premium under a basic benefit design will have to pay a combined basic and supplemental premium under an enhanced alternative benefit design that may be higher than a basic premium.

Current enrollees of a plan or plans being consolidated into a single renewal plan will not be required to take any enrollment action, and the sponsor will not submit enrollment transactions to MARx for those current members, although it may need to submit updated 4Rx data to CMS for the current enrollees affected by the consolidation. New enrollees must complete enrollment requests, and the sponsor will submit enrollment transactions to MARx for those new enrollees. Current enrollees of a consolidated renewal plan must receive a standard ANOC.

4. Renewal Plan with a Service Area Expansion (“800 Series” EGWPs only)

A PDP sponsor offering an 800 series EGWP PBP in the current contract year may expand its EGWP service area to include additional PDP regions for the following contract year through the Part D application process. In order for currently enrolled beneficiaries to remain in the renewed PBP, the sponsor must retain the same PBP identification number for the following contract year.

Current enrollees will not be required to take any enrollment action, and the sponsor will not submit enrollment transactions to MARx for those current enrollees. New enrollees must complete enrollment requests, and the sponsor will submit enrollment transactions to MARx for those new enrollees. Current enrollees of a renewed PBP with a SAE must receive a standard ANOC notifying them of any changes to the renewing plan.

5. Terminated Plan (Non-Renewal)

A PDP sponsor may elect to terminate a current PBP for the following contract year. In this situation, the sponsor will not submit disenrollment transactions to MARx for affected enrollees. When a sponsor terminates a PBP, plan enrollees must make a new election for their Medicare coverage in the following contract year. To the extent that a current enrollee of a terminated PBP elects to enroll in another plan offered by the current or another PDP sponsor – or, alternatively, elects to enroll in an MA plan – he/she must complete an enrollment request, and the enrolling organization or sponsor must submit enrollment transactions to MARx so that those individuals are enrolled. Enrollees of terminated PBPs will be sent a model termination notice that includes notification of a special election period. For more information about non-renewal processes and beneficiary notification requirements, refer to our forthcoming HPMS memorandum providing non-renewal and service area reduction guidance and model notices, to be released this summer.

6. Consolidated Plans under a Parent Organization

For purposes of ensuring compliance with transition requirements following an acquisition or merger under our significant differences policy, or to make plan transitions following a novation, CMS may elect to combine two or more entire PBPs offered under different contracts (the contracts may be offered by the same legal entity or represent different legal entities). PDP sponsors cannot complete this renewal option in the HPMS Plan Crosswalk. A PDP sponsor must complete and submit a request to Sara Silver at sara.silver@cms.hhs.gov by June 7, 2010. She will coordinate the review of the request and, if approved, complete the renewal on behalf of the requesting PBP. To request the exception, organizations must include in the subject line of the email “HPMS PDP Plan Consolidation across contracts for <Organization Name>” and include the following information in the request:

2010 Contract Number	2010 Contract Name	2010 Plan ID	2011 Contract Number	2011 Contract Name	2011 Plan ID	Reason for Request (Merger, Acquisition, Novation)

Current enrollees of a plan or plans being consolidated across contracts in this manner will not be required to take any enrollment action, and the sponsor will not submit enrollment transactions to MARx for those current members, although it may need to submit updated 4Rx data to CMS for the current enrollees affected by the consolidation. New enrollees must complete enrollment requests, and the sponsor will submit enrollment transactions to MARx for those new enrollees.

Current enrollees of a consolidated renewal plan must receive a special notification along with a standard ANOC. (CMS will provide a model for the special notification.)