

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



CENTER FOR MEDICARE

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DATE: December 15, 2010

TO: All MA, MA-PD, PDP, CCP, PFFS, RPPO, MSA, HCPP, Employer/Union-Only Group Waiver Plans (EGWPs) and Section 1876 Cost-Based Plans with Contracts that will Non-Renew in 2010

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RE: Close-Out Letter for Organizations with a Contract that Ends in 2010

The purpose of this communication is to provide post-contract non-renewal requirements for all MA, MA-PD, PDP, CCP, PFFS, RPPO, MSA, HCPP, EGWP, and Section 1876 Cost-Based Plans that have a contract that will end at the close of 2010. The close-out letter that follows is divided into two subject areas: Payment and Additional Part C and Part D Specific Requirements. Please follow the applicable instructions for your organization type. If you have any questions, please contact the specialist listed in the letter for that subject area. Again, these instructions are only applicable for contracts that non-renew prior to January 1, 2011.

Thank you.

## Close-Out Letter

The following are post-contract non-renewal requirements that all organizations that have a contract that ends at the close of 2010 are responsible for fulfilling beyond December 31, 2010.

### *Payment*

**(1) Risk Adjustment:** MA and MA-PD organizations are currently required to submit hospital inpatient, hospital outpatient, and physician diagnostic data for risk adjustment to CMS. Organizations with non-renewing contracts are also required to submit all risk adjustment data pertaining to these contracts to CMS as follows: 1) January 2009 through December 2009 dates of service must be submitted by January 31, 2011; and 2) January 2010 through December 2010 dates of service must be submitted by March 4, 2011. For organizations with non-renewing contracts, March 4, 2011 will be the final risk adjustment data submission deadline for reporting diagnoses for 2010 dates of service rendered under these contracts. Plan reported demographic corrections must be received within 45 days from the date of the last CMS report to the Retroactive Adjustment Processing Contractor.

**(2) Prescription Drug Data:** MA-PD and PDP organizations/sponsors are currently required to submit prescription drug event (PDE) data and direct and indirect remuneration (DIR) data to CMS. This requirement also pertains to non-renewing contracts that are part of these organizations/sponsors. In accordance with section 1.4.1 of the Instructions-Requirements for Submitting Prescription Drug Event Data, organizations/sponsors must submit PDE records "to CMS electronically at least once a month. Throughout the coverage year, CMS will monitor PDE data submission levels to detect contracts with submission volumes lower than expected." In accordance with section 1.4.2 of the Instructions-Requirements for Submitting Prescription Drug Event Data, organizations/sponsors with non-renewing contracts must submit all 2010 PDE data pertaining to these contracts to CMS by the final submission deadline, which is May 31, 2011. In accordance with 42 CFR § 423.336(c)(1), organizations/sponsors with non-renewing contracts are required to submit the 2010 DIR Report for Payment Reconciliation corresponding to these contracts by June 30, 2011. Non-renewing contracts should reference the Final Medicare Part D DIR Reporting Requirements for Payment Reconciliation for 2010, which CMS will release in the spring of 2011. Please note that the data submission deadlines for both PDE data and DIR data apply to all plans, not just non-renewing plans. CMS reserves the right to adjust these deadlines based on operational considerations. In accordance with 42 CFR § 423.505(k)(5), organizations/sponsors with non-renewing contracts are also required to submit "the Attestation of Data Relating to CMS Payment to a Medicare Part D Sponsor" prior to the 2010 Part D Payment Reconciliation. In submitting this attestation, MA-PD and PDP organizations/sponsors certify that the PDE data, DIR data, and any other information provided for the purposes of determining allowable reinsurance and risk corridor costs are accurate, complete, and truthful. Non-renewing organizations/sponsors should reference 2010 guidance regarding the submission of this attestation, which CMS will release via HPMS in the summer of 2011.

**(3) Retroactive Adjustments for Payment and Enrollment:** In accordance with section 70.2 of Chapter 11 of the Medicare Managed Care Manual, organizations with non-renewing contracts

are required to reimburse CMS for any overpayments. Conversely, an organization may seek reimbursement from CMS for any previously identified underpayments. Organizations seeking payment adjustments must submit corrected information within 45 days from the date of receipt of the organization's January payment Monthly reports (scheduled for December 22, 2010). Organizations must confirm those corrections on the February reports (available on January 24, 2011) and send any additional corrections to the Retroactive Adjustment Processing Contractor, Reed Associates. The reporting of valid corrected information to Reed Associates will trigger the CMS retroactive payment adjustment process. The reported corrections will be verified and applied to the records for the organization's members. These corrections will be included as a part of the organization's final payment reconciliation after the final risk adjustment reconciliation and Part D payment reconciliation are completed for 2010.

CMS will complete final reconciliation of its accounts with organizations approximately nine to twelve months (or, if applicable, after the final risk adjustment reconciliation and Part D payment reconciliation for 2010 are performed), after the end date of the non-renewing contract, December 31, 2010. However, the completion of the final reconciliation may be delayed in the event an organization fails to comply with data submission requirements for risk adjustment or Part D payment reconciliation. For MA and PDP organizations/sponsors that are also reducing service areas for contracts that will continue in 2011, no final reconciliation will be performed. Payment adjustments related to coverage provided in the discontinued portions of the service area will be included as part of the regular payment adjustment process and will appear in the monthly payments during 2011.

**(4) Disenrollment Transaction Processing:** For the most part, organizations with non-renewing contracts do not need to submit disenrollment transactions and beneficiaries do not need to request disenrollment, except as described below. Non-renewing contracts are required to submit disenrollment transactions for members who request to disenroll prior to the non-renewal date, (i.e. effective December 1, 2010), according to the usual disenrollment request processing requirements as provided in CMS Enrollment guidance. This must be accomplished while your contract still has access to CMS systems.

Additionally, MARx monthly reports will no longer be available 61 days after a contract non-renews. Copies of MMRs created after that date will accompany a terminated contract's final reconciliation results from CMS.

**(5) Access to CMS Systems:** All user access to CMS systems (MARx, MBD, and BEQ) related to the contract will end 60 days after the contract is non-renewed. If access to CMS systems is required for your contract after 60 days, please contact Marla Kilbourne at [Marla.Kilbourne@cms.hhs.gov](mailto:Marla.Kilbourne@cms.hhs.gov) or Michelle Page at [Michelle.Page@cms.hss.gov](mailto:Michelle.Page@cms.hss.gov). If inactive contracts need assistance obtaining DDPS or PRS reports, please contact the CSSC Operations at 1-877-534-CSSC or [csscoperations@palmettogba.com](mailto:csscoperations@palmettogba.com).

**(6) Claims:** Organizations are required by regulation (for Part C 42 CFR § 422.101(a) and 42 CFR § 422.505(b), and for Part D 42 CFR § 423.104(a) and 42 CFR § 423.506(b)) to provide their enrollees with benefits for the full 12-month term (January 1, 2010 through December 31, 2010) of their contract with CMS. Consequently, organizations (including those with non-

renewing contracts) must fully honor claims related to covered services provided to their members during the 12-month term but received by the MA organization or Part D sponsor after the close of the contract year, in accordance with the applicable contract terms.

**(7) TrOOP Balance Transfer:** Part D sponsors are required by regulation (42 CFR 423.104(d)) to track beneficiary true out-of-pocket (TrOOP) costs and correctly apply these costs to the annual out-of-pocket threshold to provide catastrophic coverage at the appropriate time. For beneficiaries who changed Part D sponsors during the coverage year, CMS' automated TrOOP balance transfer guidance in Chapter 14 of the Medicare Prescription Drug Benefit Manual requires sponsors to continue to transmit and accept TrOOP-related data through March 31<sup>st</sup> of the subsequent year and apply these costs appropriately.

**(8) 1876 Cost-Based Plans:** CMS requires all terminated Section 1876 Cost-Based Plans to submit a final cost report by June 30, 2011. All terminating cost plans will be audited and should keep all records and documentation necessary to support costs reported on their final and open year cost reports.

For any questions related to the Payment section, please contact Julie Uebersax at [Julie.Uebersax@cms.hhs.gov](mailto:Julie.Uebersax@cms.hhs.gov) or Keshanna Elrington at [Keshanna.Elrington@cms.hhs.gov](mailto:Keshanna.Elrington@cms.hhs.gov).

### ***Additional Part C and Part D Requirements***

**(1) Corrective Action Plans (CAPs):** Organizations currently operating under a corrective action plan must continue to fulfill the requirements of the CAP through December 31, 2010, unless CMS informs otherwise.

**(2) HEDIS/CAHPS:** MA organizations with non-renewing contracts will not be required to submit HEDIS 2011 data for those contracts (i.e., HEDIS results from the 2010 measurement year) or participate in CAHPS 2011 that is administered starting in February 2011 for those contracts. *(HEDIS does not apply to Part D Sponsors.)*

**(3) Quality Improvement Projects (QIPs) and Chronic Care Improvement Program (CCIP):** MA organizations are required by regulation and contract to perform annual QIPs and to implement a CCIP. Both require periodic reporting at the request of CMS. CMS will not require organizations with non-renewing contracts to report this information for those contracts. *(This does not apply to Part D Sponsors.)*

**(4) Maintenance of Records:** In accordance with 42 CFR § 422.504 (d) and (e) and §423.505 (d) and (e), organizations/sponsors are required to maintain and provide CMS access to its records. Specifically, organizations/sponsors must maintain books, records, documents and other evidence of accounting procedures and practices for 10 years. These regulations also detail the requirements for government access to organizations'/sponsors' facilities and records for audits that can extend through 10 years from the end of the final contract period or completion of an audit, whichever is later. That time period can be extended in certain circumstances, as detailed in this regulation. For service area reductions, the dates for the records pertaining to the area that

was reduced run from the time the particular county or counties were removed from the service area.

**(5) Continuation of Care:** If a Medicare beneficiary is hospitalized in a prospective payment system (PPS) hospital, the organization with the non-renewing contract is responsible for all Part A inpatient hospital services until the beneficiary is discharged, as stated in 42 CFR § 422.318. Original Medicare or the beneficiary's MA organization will assume payment for all services covered. If a Medicare beneficiary is in a non-PPS hospital, the organization with the non-renewing contract is responsible for the covered charges through the last day of the contract or, for contracts reducing their service area, the last day that was part of the approved service area in a particular county.

With respect to enrollees receiving care in a skilled nursing facility (SNF), MA organizations with non-renewing contracts are financially liable for care through December 31, 2010. After that date, Medicare beneficiaries continuing in a SNF may receive coverage through either Original Medicare or another MA plan. If the SNF stay is Medicare covered, the number of days of the beneficiary's SNF stay while enrolled in a non-renewing organization's plan will be counted toward the 100-day limit. *(This requirement does not apply to Part D Sponsors.)*

**(6) Pending Appeals:** Part C and Part D appeals decided in favor of the appealing party after the date that the organization's/sponsor's contract non-renews must be effectuated by the (former) organization/sponsor in accordance with the regulations. The regulations at 42 CFR § 422.504(a)(3) require MA organizations to provide access to benefits for the duration of its contract. The regulations also require MA organizations to "pay for, authorize, or provide services that an adjudicator determines should have been covered by the organization". Therefore, MA organizations are obligated to process any appeals, as governed by 42 CFR Part 422, Subpart M, for services that, if originally approved, would have been provided or paid for while Medicare beneficiaries were enrolled in its plan. Additionally, 42 CFR § 422.100 (b)(1)(v) provides that MA organizations "must make timely and reasonable payment to ... non-contracting providers and suppliers ...for services which coverage has been denied by the MA organization and found upon appeal to be services the enrollee was entitled to have furnished or paid for, by the MA organization". Similarly, the regulations at 42 CFR § 423.505(b)(4) require Part D plan sponsors to provide access to benefits for the duration of its contract. Also, the language in 42 CFR §§423.636 and 423.638 requires Part D plan sponsors to authorize, provide, or make payment for a benefit that an adjudicator determines should have been covered by the plan sponsor. Therefore, both Part C organizations and Part D sponsors are obligated to effectuate appeals decided in favor of the appealing party after the date that the organization's/sponsor's contract terminates.

**(7) Reporting Requirements:** Organizations/sponsors with non-renewing contracts are required to fulfill all Part C and Part D reporting requirements. Data that are due after the contract year must be submitted. Please refer to the Part C and Part D Reporting Requirements documents for specific deadlines for each section.

**(8) Data and Files:** Part D Sponsors with non-renewing contracts are required to adhere to 42 CFR § 423.507(a) (4). This regulation requires Part D sponsors with non-renewing contracts to

ensure the timely transfer of any data or files. (*This requirement applies to Part D Sponsors only.*)

**(9) Marketing Guidance:** Following completion of the contract year, all members of a non-renewing plan are to be provided continued member access to Plan information. Plan websites containing non-renewing plan information and customer service lines are to continue to be operational for sixty (60) days past the beginning of the next calendar year (January 1 to March 1), as outlined in 80.1-Customer Service Call Center Requirements in the *Medicare Marketing Guidelines*. Toll free call center numbers for non-renewing plans will continue seven days a week from at least 8:00 A.M. to 8:00 P.M., corresponding to the time zones in which they operate. During this time period, enrollees in the non-renewed plan must be able to speak with a live customer service representative.

For questions related to the Part C requirements in this section, please contact Joan Peterson at [Joan.Peterson@cms.hhs.gov](mailto:Joan.Peterson@cms.hhs.gov). For questions related to Part D requirements, please contact Betty Burrier at [Betty.Burrier@cms.hhs.gov](mailto:Betty.Burrier@cms.hhs.gov).