

Health Plan Benefits Group/CBC

DATE: November 26, 2003

TO: Medicare +Choice Organizations
Evercare, PPO, and SHMO Demonstrations

FROM: Cynthia E. Moreno
Acting Director

SUBJECT: Medicare Prescription Drug, Improvement and Modernization Act

As I am sure you aware, both the House of Representatives and the Senate have passed the Medicare Prescription Drug, Improvement and Modernization Act (DIMA). We expect that the President will sign the bill shortly. In expectation of the signing we would like to provide you with some initial information on the submittal of revised Adjusted Community Rate Proposals (ACRPs).

The DIMA includes immediate provisions that will increase rates beginning March 1, 2004. A Medicare +Choice (M+C) organization can choose to enhance its benefits, decrease premiums or cost sharing, contribute to a benefit stabilization fund, or stabilize or enhance the beneficiary access to providers. In addition, M+C organizations that will either completely or partially leave the M+C program on December 31, 2003 may re-enter the program or service area on March 1, 2004.

In about a week we intend to provide much more detailed instructions on Section 211 of DIMA, the new 2004 ACRP season, and requirements for notification to members. In the meantime, the following general time frames can serve as a guideline for the timeline to come. As required by Section 211 of DIMA:

- CMS will announce the new 2004 rates within 6 weeks of DIMA enactment.
- M+C organizations must notify CMS of their intent to re-enter the program or their calendar year 2003 service area within 2 weeks of CMS's rate announcement.
- M+C organizations must submit ACRPs to CMS within 2 weeks of CMS's rate announcement.
- M+C organizations must notify all members of benefit and/or cost sharing changes within 3 weeks of receiving approval of the new ACRP.

In addition, we intend to extend the timeframe for mailing out the Evidence of Coverage (EOC). Currently, all M+COs and Medicare cost plans must mail the EOC to all members no later than

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February 2, 2004. This date will be extended, although at this time we have not determined what this date will be. The new deadline will be provided in the DIMA instructions.

Additional information on the entire Medicare Prescription Drug, Improvement and Modernization Act of 2003 will be forthcoming. We look forward to working with you as we move forward to implement these historic changes to the Medicare program.