

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Center for Beneficiary Choices  
7500 Security Boulevard, Mail Stop C1-05-17  
Baltimore, Maryland 21244-1850



**Medicare Plan Accountability Group**

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**DATE:** November 23, 2004

**TO:** All Managed Care Organizations (MCOs)

**FROM:** Marla K. Kilbourne  
Director, Division of Enrollment and Payment Operations

**SUBJECT:** Non-Renewal, Service Area Reduction and Plan Benefit Package (PBP) –  
Level Processing for 2005 - ACTION

The purpose of this letter is to notify you how CMS will process contract-level non-renewals, conversions and service area reductions, AND PBP changes; i.e., PBP number changes and non-renewals. These instructions apply to the December 9, 2004 Group Health Plan System (GHP) enrollment cut-off date for changes effective January 1, 2005.

For your convenience we have included a chart that summarizes the PBP-level narrative below. Please review the narrative and chart to ensure that your organization takes the appropriate actions based on any contract and/or PBP-level changes that apply effective January 1, 2005.

**Contract Non-renewal**

Do **not** submit disenrollments for any members who will remain through the end of the contract period. CMS will automatically disenroll any remaining members effective January 1, 2005.

Do **submit** disenrollment transactions for any members who request disenrollment effective December 1, 2004 by the December 9th, systems cut-off day.

**Contract Service Area Reduction**

In this category, counties are being removed from your contract-level service area.

Do **submit** disenrollments with a January 1, 2005 effective date for all members who reside in those counties by the December 9, 2004 systems cut-off day.

**CMS Approved Contract Consolidation**

In this situation, the M+CO has two options.

- (1) The M+CO submits enrollment transactions to move the members to the continuing contract. You must include the continuing contract number and the PBP that the member has elected on the enrollment transaction and submit it by the December 9 cutoff date.
- (2) CMS will move the members to the continuing contract and assign them all to one PBP number. M+COs will then submit PBP Change transactions (code 71) by January 13, 2005 to place the members in the correct PBP.

Do **submit** disenrollments for December 1, 2004 and January 1, 2005 by the December 9, 2004 systems cut-off date for those members who do not wish to be enrolled in the continuing contract.

Numbers below refer to the attached chart.

#### **New PBP (1)**

You are offering a PBP that is new for 2005.

Do **submit** enrollments for new members into your organization that elect the new PBP.

Do **submit** PBP change transactions for your current members who elect the new PBP. It is important to note that if current members are in a PBP that is non-renewing for 2005, PBP change transactions must be submitted with an effective date of January 1, 2005 by the December 9, 2004 systems cut-off date to move them to an active 2005 PBP. If you do not submit a PBP election transaction for your members in this case, they will be disenrolled as a part of the 2004 PBP non-renewal.

#### **PBP Renewal (2)**

You are offering a 2004 PBP (with the same number) in 2005.

Do **submit** enrollments for new members into your organization that elect this PBP.

Do **submit** PBP change transactions for your current members in other PBPs who elect this PBP for 2005.

#### **Consolidated Renewal PBP (3)**

You are consolidating 2 or more 2004 PBPs into one 2004 PBP that is continuing in 2005.

Do **not** submit PBP change transactions to enroll the members into the continuing PBP. CMS will automatically move the members from the consolidating PBPs to the continuing PBP with an effective date of January 1, 2005.

#### **PBP Renewal with a Service Area Expansion (4)**

You are offering a 2004 PBP (with the same number) in 2005 and expanding it's service area.

Do **submit** enrollments for new members and PBP change transactions for current members that reside in the expanded service area and elect this PBP.

**PBP Renewal with a Service Area Reduction (5)**

You are offering a 2004 PBP (with the same number) in 2005 and reducing it's service area.

Do **submit disenrollments** for members that reside in the reduced service area if this service area is **not** contained in any other PBP that is offered in 2005.

Do **submit PBP change transactions** for members that reside in the reduced service area if this service area **is** contained in any other PBP that is offered in 2005.

**PBP Renewal that is Splitting (6-8)**

You are offering a 2004 PBP in 2005; but it will be split to 2 or more PBPs based on provider network, optional supplemental benefits or cost-sharing.

Do **submit** PBP change transactions for members in the continuing PBP that elect one of the new PBPs.

**PBP Non-renewal (9)**

You are not offering a 2004 PBP in 2005.

Do **submit** PBP change transactions for current members who elect another PBP offered by your organization.

Do **not** submit disenrollments for members who fail to elect another PBP offered by your organization. CMS will automatically disenroll from your MA any remaining members in the non-renewing PBP effective January 1, 2005.

**IMPORTANT NOTES**

- MA submitted transactions to move members to active 2005 PBPs must be submitted by the December 9, 2004 systems cut-off day.
- All members of 2004 PBPs that are not continuing into 2005 must be moved to an active 2005 PBP by the December 9, 2004 systems cut-off day.
- Even if the PBP is the same as far as the benefits offered, if the number changes for 2005, it is a new PBP for enrollment purposes.
- All members of your organization must be associated with a valid 2005 PBP number or they will be disenrolled to fee-for-service Medicare effective January 1, 2005.

- If your contract is completely non-renewing, please be sure to update your contact information in the HPMS system or PICs system, so we may get in touch with you to complete the final payment reconciliation in September of 2005. In addition, please submit any requests for retroactive adjustments within 45 days of receipt of your January reports. Your access to the CMS Data Center will be discontinued.

If you have any questions, please contact the Central Office Health Insurance Specialist assigned to the region where your M+CO is located, as shown in the attached listing.

#### Attachments

cc: Cynthia E. Moreno, Acting Director, Medicare Plan Accountability Group  
Director, Division of Health Plan Accountability  
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#### **Health Insurance Specialist**

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#### **Technical Support**

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	Activity	Guidelines	HPMS Plan Crosswalk	MCO Activities
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	Activity	Guidelines	HPMS Plan Crosswalk	MCO Activities
1	New Plan Added		A new 2005 plan with no link to a 2004 plan.	The M+CO must submit election transactions.
2	Renewal Plan	If an M+AO continues to offer a CY2004 M+A plan in CY2005 and retains all of the same service area, <b>it must retain the same Plan ID number</b> in order for all currently enrolled beneficiaries to remain in the same M+A Plan in CY2005.	A 2005 plan that links to a 2004 plan and retains all of its plan service area from 2004.	<b>The renewal plan ID must remain the same</b> so that beneficiaries will remain in the same plan ID. The M+CO <b>does not</b> submit any transactions.
3	Consolidated Renewal Plan	If an M+AO <b>combines</b> two or more MA Plans offered in CY2004 into a single renewal plan so that all beneficiaries in the combined plans are offered the same benefits in CY2005, the MAO must designate which of the renewal Plan IDs will be retained in CY2005 after consolidation.  <b>Note:</b> If an MAO reduces a county while performing this activity, the MAO must follow the Renewal Plan with SAR rules for handling beneficiaries in the reduced county.	Two or more 2004 plans that consolidate into one 2005 plan.	<b>The MAO designated renewal plan ID must remain the same</b> so that CMS can consolidate the beneficiary's election by moving them in the designated renewal plan ID. The MAO <b>does not</b> submit any transactions, but must have completed the HPMS plan crosswalk.
4	Renewal Plan with an SAE		A 2005 plan that links to a 2004 plan and retains all of its plan service area from 2004, but also adds one or more new counties.	<b>The renewal plan ID must remain the same</b> so that beneficiaries in the current service area will remain in the same plan ID. The MA <b>does not</b> submit any transactions for these members.  However, the MA must submit election transactions for the beneficiaries involved in the service area expansion.
5	Renewal Plan with a SAR.	If an MAO <b>reduces the service area</b> of a CY2004 MA Plan and makes the reduced area part of a new or renewal MA Plan service area in CY2005, the MAO must offer passive elections in CY2005 to all of the current enrollees who reside in the reduced service area.  <b>*Note:</b> When the SAR county(ies) is not contained in another M+A plan (contract SAR), the M+AO must submit transactions to disenroll the beneficiaries from the plan. Beneficiaries are sent a termination notice and receive guaranteed issue Medigap rights. To enroll in a different M+A plan, these beneficiaries must complete an enrollment form.	A 2005 plan that links to a 2004 plan and retains only a portion of its plan service area.	<b>The renewal plan ID must remain the same</b> so that beneficiaries in the renewal portion of the service area will remain in the same plan ID. The MAO <b>does not</b> submit any transactions for these members.  When the SAR county(ies) is contained in another plan, the MAO <b>must submit transactions</b> to passively enroll the beneficiaries into another plan.
6	Renewal Plan Split Based on Provider Groups	If one CY2004 M+A Plan splits into two or more CY2005 MA Plans in order to reflect the beneficiary's provider group choice, both CY2005 MA Plans must have the same service area. The CY2004 MA plan ID must be designated as the renewal plan in CY2005. <b>Provider-Specific Plan Splits require prior approval from CMS.</b>  MAO wishing to offer provider-specific plans effective January 1, 2004 must submit their formal requests to their CMS Regional Office Plan Managers with a cc to their CO	Two or more 2005 plans that are created from one 2004 plan with membership determined by provider choice.	If the beneficiary's appropriate plan based on provider group choice is the renewal plan ID, beneficiaries remain in the same plan ID. The MAO <b>does not</b> submit any transactions for these members.  Otherwise, the MAO <b>must submit transactions</b> to passively enroll beneficiaries into the new plan ID.

	Activity	Guidelines	HPMS Plan Crosswalk	MCO Activities
		Plan Manager no later than August 1, 2004. CMS will review such requests on a case-by-case basis and make its determination based upon information that the MAO submits as part of its proposal. For further information and format requirements, refer to the CMS website at: <a href="http://www.cms.hhs.gov/healthplans/">http://www.cms.hhs.gov/healthplans/</a> .		
7	Renewal Plan Split by Optional Supplemental Benefit Choice	<p>If one CY2004 MA Plan splits into two or more CY2005 MA Plans because one or more MA Plans has a mandatory benefit based on last year's optional supplemental benefit, and therefore a different monthly premium, the CY2005 MA Plans must have the same service area and basic benefit cost-sharing amounts. The CY2003 MA plan ID must be designated as the renewal plan in CY2005  <b>Requires prior approval from CMS.</b></p> <p>MAOs wishing to offer the Renewal Plan Split by Optional Supplemental Benefit Choice effective January 1, 2005 must submit their written requests to Randy Brauer with a cc to their CMS Central Office and Regional Office Plan Managers no later than August 1, 2004.</p>	A CY2004 plan that has an optional supplemental benefit(s) is split into 2 or more plans; 1 with only basic benefits and 1 (or more) with the same basic benefits and the former optional supplemental(s) as a mandatory benefit(s).	<p>If the beneficiary's appropriate plan based on benefit choice is the renewal plan ID, beneficiaries will remain in the same plan ID. The MAO <b>does not</b> submit any transactions for these members.</p> <p>Otherwise, the MAO <b>must submit transactions</b> to passively enroll beneficiaries to the new plan ID.</p>
8	Renewal Plan Split by Premium and/or Cost-sharing based on segmented service area	The MAO splits an existing CY2004 MA Plan service area in CY2005 and the only difference between the MA Plans is premium charge and/or cost-sharing. A segment cannot be smaller than a payment area (e.g. county). The MAO must submit a separate ACRP for each segment. The CY2004 MA plan ID must be designated as the renewal plan in CY2005.	A 2003 plan that is segmented into two or more 2005 Plan IDs that share identical benefit packages with the exception of premium and/or cost-sharing.	<p>If the beneficiary's appropriate plan based on service area is the renewal plan ID, beneficiaries will remain enrolled in the same plan ID. The MAO <b>does not</b> submit any transactions for these members.</p> <p>Otherwise, the MAO <b>must submit transactions</b> to reflect the beneficiary's election based on service area.</p>
9	Terminated Plan		A 2004 plan that is no longer offered in 2005.	If the beneficiary elects to enroll in another plan with the same organization, the MAO <b>must submit transactions</b> to enroll the beneficiary in another plan with the organization; CMS disenrolls beneficiaries to FFS who do not elect another plan with the same MAO or a different MAO.