DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicare
7500 Security Boulevard, Mail Stop C4-21-26
Baltimore, Maryland 21244-1850

CMS

CENTERS for MEDICARE & MEDICAID SERVICES

MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

DATE: May 27, 2011

TO: Medicare Advantage Organizations and Employer/Union-Sponsored Group Health Plans

FROM: Danielle R. Moon, J.D., M.P.A.
Director

SUBJECT: Issuance of Chapter 16a of the Medicare Managed Care Manual

Included with this memorandum is Chapter 16a of the Medicare Managed Care Manual, "Private Fee-for-Service (PFFS) Plans." The chapter, which is part of Publication 100-16, may also be accessed online with the other chapters of the Medicare Managed Care Manual at http://www.cms.hhs.gov/Manuals/IOM. We issued a draft of Chapter 16a for public comment on March 11, 2011. We received approximately 15 comments on the draft chapter from six external entities and considered those comments carefully as we finalized Chapter 16a. We also incorporated into Chapter 16a guidance from the Contract Year 2012 Rate Announcement and Final Call Letter, issued April 4, 2011.

In addition to the above revision in the final version of Chapter 16a, we made other minor clarifications or grammatical changes, including:

- **Hyperlinks to Cross-Referenced Medicare Managed Care Manual Chapters**.

- **General Requirements (Section 20).** We clarified a point that referred to balance billing and changed the terminology to "plan-allowed cost sharing." We also added language indicating PFFS plans are not required to provide Part D coverage.

- **Operational Impact on Employer PFFS Plans (Section 30.4.2).** We revised language to state that employer-only PFFS plans must be network-based.

- **PFFS Crosswalk Options (Section 160).** We added language that directs readers to the annual Call Letter and other CMS guidance for further detail on contract year-specific deadlines and processes associated with plan crosswalks.

We thank the various stakeholders who submitted comments for their feedback and comments, which have helped us to improve the clarity of Chapter 16a. If you have any questions about the policies articulated in Chapter 16a, please contact your Regional Office account manager.