USEFUL INFORMATION ON MEDICARE ADVANTAGE APPLICATIONS
2007 Application
January 20, 2006

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Center for Beneficiary Choices
7500 Security Boulevard; South Building, Baltimore, MD 21244-1850

1. Useful Information about 2007 Application Documents and Process

Q1. (1/20/2006) Have the 2007 Medicare Advantage applications been finalized?

A1. **(1/20/2006)** Yes. Applications for the four 2007 Medicare Advantage (MA) contract types provided for in the MMA are posted at http://www.cms.hhs.gov/MedicareAdvantageApps/. Coordinated Care Plan (CCP), Regional Preferred Provider Organization (RPPO), Private-Fee-For-Service (PFFS), Service Area Expansion (SAE), and Medical Savings Account (MSA). These applications reflect the comments submitted by the public on the draft applications posted in December 2005 and are consistent with the recently published regulations. Additionally, the website includes updated guidance to organizations requesting a MA Special Needs Plan (SNP). SNP guidance can be found at: http://www.cms.hhs.gov/SpecialNeedsPlans/.

Q2. (1/20/2006) Who should use these applications?

A2. **(1/20/2006)** Organizations/Sponsors seeking a MA and MA-PD contract with CMS for January 1, 2007 contract effective date are required to submit a MA and MA-PD applications to CMS on or before **March 20, 2006 5:00P.M. Eastern Standard Time.**

The MA and MA-PD application can be found at the following website location: http://www.cms.hhs.gov/MedicareAdvantageApps/.

The MA-PD application can be found at: http://www.cms.hhs.gov/PrescriptionDrugCovContra/04_RxContracting_ApplicationGuidance.asp#TopOfPage.

Q3. (1/20/2006) If an applicant currently has a MA contract with CMS, is it required to complete a new application to offer a different plan type (e.g., a MA CCP contractor applying to offer a MA PFFS plan or a Regional PPO plan)?

A3. **(1/20/2006)** Yes however, to avoid duplication and burden, a current contractor will generally be permitted to submit an abbreviated application that focuses only on additional or different requirements specific to the new plan that is being sought. Medicare Advantage Organizations (MAOs) that are applying to become qualified for an MA contract with CMS for the first time must complete the entire application. In addition to the applications, we are posting a Medicare Advantage Organization (MAO) "Submissions Matrix" to assist you in identifying the appropriate items that must accompany your submission as well as a "Useful Information for 2007 MA Applicants" document to answer frequently-asked questions about applying for a 2007 CMS contract. For additional direction on what material to submit, potential RPPO applicants should contact Helaine Fingold at 410-786-5014 or helaine.fingold@cms.hhs.gov. Potential applicants for all other plan types should contact Lettica Ramsey at 410-786-5262 or lettica.ramsey@cms.hhs.gov.

The MA and MA-PD application can be found at the following website location: http://www.cms.hhs.gov/MedicareAdvantageApps/.

The MA-PD application can be found at: http://www.cms.hhs.gov/PrescriptionDrugCovContra/04_RxContracting_ApplicationGuidance.asp#TopOfPage.

Q4. (1/20/2006) When should the service area expansion (SAE) application for Coordinated Care Plans (CCP) and Private Fee-for-Service (PFFS) plans be used?

A4. **(1/20/2006)** MA CCP or PFFS contractors for 2006 that wish to expand their existing service areas in 2007 should use the SAE application. However, requests for service area expansions for 2007 must be received by CMS in Baltimore no later than **5:00P.M. Eastern Standard Time March 20, 2006.**

Q5 (1/20/2006) Were dramatic changes made to the 2007 applications for CCPs, PFFS plans, and Service Area Expansions (SAEs)?

A5. **(1/20/2006)** No. In an effort to make the application process as simple as possible, we have not made major changes in these applications from last year. However, in response to the industry's comments we have made several revisions that will reduce the burden. In a number of places we have also clarified our guidance. As requested the format of the 2007 applications remain as similar as possible to the format in previous year and to cut down on application learning and preparation time, CMS followed the content and process of 2007 MA applications as closely as possible. Changes made in these applications for 2007 are intended to reduce administrative burden, streamline the process, and lessen the information being requested of applicants.

Q6. (1/20/2006) Has consideration been given to streamlining the CMS application review process?

A6. **(1/20/2006)** CMS will continue with the 8 week process in reviewing MA application. This process was new in CY 2006 and will apply to CY 2007.

Q7. (1/20/2006) If an applicant organization is unfamiliar with the CMS website, is there a central location that lists the resources that would be helpful before and after filing an MA application?

A7. **(01/20/2006)** Yes. A resource tool for Medicare Managed Care Applicants can be located at http://www.cms.hhs.gov/MedicareAdvantageApps/ and provides links to basic reference documents.

Q8. (1/20/2006) What is the last date that a MAO can submit a 2007 MA and MA-PD applications to CMS?

A8. **(1/20/2006) March 20, 2006** is the final day for submissions of all 2007 Initial MA, MA-PD, PDP Applications, EPOG, SAE Applications, MSA Applications, and stand-alone PDPs, new MA contractors and regional PPOs for 2006 products. To be accepted for review, all 2007 MA and MA-PD applications must be received at CMS Central Office headquarters (7500 Security Boulevard, Baltimore, MD 21244) by **March 20, 2006 at 5:00 P.M. Eastern Standard Time.**

Please note:

- Medicare Advantage coordinated care plans (CCPs) are required to offer at least one plan containing Part D prescription drug benefits in each of their service areas. (HMOs and PPOs are CCPs). Therefore, all new or expanding CCP organizations must complete and submit a Medicare Advantage Prescription Drug Plan Sponsor application as a condition of approval of the CCP application. This Part D prescription drug benefit is also due on **March 20**. The Part D application can be found at: http://www.cms.hhs.gov/PrescriptionDrugCovContra/04_RxContracting_ApplicationGuidance.asp#TopOfPage.
- The law prohibits plans from offering a new or expanding an existing local PPO product in 2007.
- The law also continues to prohibit new 1876 cost-based plans, and it also precludes any MAO from operating an 1876 cost plan in the same area in which it operates an MA product.

Q9. (1/20/2006) Who will be reviewing the 2007 MA applications?

A9. **(1/20/2006)** A combination of CMS Regional and Central Office staff will review MA applications. Regional PPO and MSA applications will be reviewed by Central Office staff.

Q10. (1/20/2006) Where can questions be directed regarding the 2007 MA applications?

A10. **(1/20/2006)** The individuals listed below are available to answer questions about specific MA applications.

• Coordinated Care Plan (HMO, HMO-POS, PSO)

Ann Moses 410-786-1167 ann.moses@cms.hhs.gov

• Regional Preferred Provider Organization (RPPO)

Helaine Fingold 410-786-5014 helaine.fingold@cms.hhs.gov

• Private Fee-For-Service Organization (PFFS)

Mervyn John 410-786-1141 mervyn.john@cms.hhs.gov

• Medicare Savings Account (MSA)

Paul Foster 410-786-1150 paul.foster@cms.hhs.gov

• Service Area Expansion (CCP, PFFS)

Lettica Ramsey 410-786-5262 lettica.ramsey@cms.hhs.gov

• Cost Plans

Lettica Ramsey, 410-786-5262 lettica.ramsey@cms.hhs.gov

Q11. (1/20/06) What will CMS do should our health plan submit either an application for a new Medicare Advantage plan or an application for a service area expansion after the respective due date of March 20, 2006?

A11. **(1/20/06)** CMS will not accept late applications. Moreover, we strongly encourage organizations to submit applications that are as complete as possible by the due date. In the case of an incomplete application, CMS staff will work with applicants on a case-by-case basis, and if possible, approve the application in a timely manner. We strongly encourage organizations to submit applications that are as complete as possible.

Applications received after the due date will be considered for a January 1, 2008 effective date. CMS expects to begin reviewing and processing these applications no earlier than late Fall 2006.

- **March 20, 2006** - Final day for submissions of all 2007 Initial MA, MA-PD, PDP Applications, EPOG, SAE Applications, MSA Applications, and stand-alone PDPs, new MA contractors and regional PPOs for 2006 products.

2. Regional PPO (RPPO) Applications

Q1. (01/20/2006) Is there a CMS contact for organizations seeking assistance with the Regional PPO application process?

A1. **(01/20/2006)** Any organization that is interested in applying to offer a Regional PPO product for the 2007 plan year should immediately contact Helaine Fingold, Medicare Advantage Group, in the Center for Beneficiary Choices, CMS Central Office, at helaine.fingold@cms.hhs.gov or 410-786-5014. Ms. Fingold is ready and available to explain the application requirements and can help organizations to address any difficulties they encounter.

Q2. (01/20/2006) If an applicant currently has a MA contract with CMS, is it required to complete a new application to offer a Regional PPO?

A2. **(01/20/2006)** Yes; however, to avoid duplication and burden, a current MA contractor will generally be permitted to submit an abbreviated application that focuses only on additional or different requirements specific to the RPPO. Potential RPPO applicants should contact Helaine Fingold to discuss their specific situations.

Q3. (01/20/2006) An organization is interested in serving a Regional PPO Region that consists of more than one state, but it is not appropriately licensed in any of the states. Does it need to be licensed in any or all of the states by March 20, 2006 when it submits the initial Regional PPO application?

A3. **(01/20/2006)** Each RPPO applicant must demonstrate licensure in at least one state in the region, and attest that it will file for (or has already been granted) licensure in the remaining states by August 31, 2006. Organizations should be aware, however, that the licensure waiver package for

Part D applications is due by June 1, 2006. Applicants who wish to further discuss licensure requirements should contact Helaine Fingold.

Q4. (01/20/2006) An organization is interested in applying to offer a Regional PPO product in several regions. Can it do this with one application or does it have to file one for each proposed regional service area?

A4. **(01/20/2006)** Entities seeking to offer a RPPO product in multiple regions, or to offer multiple RPPO products in one region, may submit a single application. However, information about each proposed product in each proposed region must be provided.

Q5. (01/20/2006) An organization's provider network is not yet 100 percent set. Must applicants submit signed provider agreements by March 20, 2006 with the initial application?

A5. **(01/20/2006)** There should be full documentation of arrangements for health services in the requested MA Region or Regions at the time the application is submitted. Applicants are encouraged to contact the CMS Medicare Advantage Group to discuss their specific situations.

Q6. (01/20/2006) Will Regional Office or Central Office staff be reviewing the Regional PPO applications? How many copies should I send and where should I send them?

A6. **(01/20/2006)** The review of Regional PPO applications will be conducted by CMS Central Office staff with input from the affected Regions. Applicants must submit copies of their Regional PPO applications to both Regional and Central Office staff. One hard copy and two electronic copies of the application must be sent to the Central Office to the attention of Regional PPO at Mail Stop C4-23-07, 7500 Security Boulevard, Baltimore, MD 21244-1850. One hard copy and one electronic version of the application must be sent to each CMS Regional Office that oversees a state included in the applicant's Regional PPO service area. The mailing addresses for the CMS Regional Offices are located in the MA Applications Guidelines that apply to all applications. These instructions are posted at http://www.cms.hhs.gov/MedicareAdvantageApps/. All application-related questions should be directed to Helaine Fingold.

Q7. (01/20/2006) An organization is considering filing an application to offer a Regional PPO product in three different regions, but is less confident of its prospects in one of those regions. Should it designate two of the regions in March when it submits the application and add the third at a later date?

A7. **(01/20/2006)** Applicants should designate the full range of regions they are considering at the point they apply for the Regional PPO program. The more CMS knows about your planned efforts, the more we can help. The CMS will work one-on-one with you to overcome obstacles you face. Applicants will have until June 1, 2005 to assess their progress and decide whether to drop efforts aimed at a particular Region. Applicants may not add additional regions after initial submission of the application.

Q8. (01/20/2006) Will CMS conduct site visits as part of the Regional PPO application review process?

A8. **(01/20/2006)** The CMS may visit Regional PPO applicants that are new to the Medicare Advantage

program. However, these visits will focus on "technical assistance." We would use this opportunity to assist applicants in working through the program requirements and ensuring that the necessary pieces are in place. Applicants would need to select an appropriate location for these visits and would need to arrange for relevant staff and paperwork to be at that site.

Q9. (01/20/06) Can a Regional PPO designate providers other than hospitals as essential for purposes of meeting enrollee access requirements?

A9. **(01/20/06)** No. Providers other than hospitals cannot be designated essential under the MMA. However, implementing regulations do allow RPPOs to meet access requirements by allowing enrollees to access out-of-network providers at in-network cost sharing levels.

The MMA authorizes CMS to allow RPPOs to designate a hospital as essential in order to meet access requirements. See 42 CFR 422.112(c). This designation requires the RPPO to reimburse the hospital at no less than fee-for-service Medicare rates and allow enrollees to access the hospital as if it were in-network (i.e., at in-network cost sharing levels). These hospitals are eligible for additional payments from CMS for impatient services provided to the RPPOs enrollees when the cost of treatment exceeds the fee-for-service payment amount.

Non-hospital providers cannot be designated essential but can be relied on by RPPOs to meet access requirements. However regulations at 42 CFR 422.112(a)(ii) do allow RPPOs to "use methods other than written agreements to establish that access requirements are met." These methods include allowing enrollees to go to out-of-network providers while paying lower than out-of-network cost sharing levels, depending upon the robustness of the network. 70 FR 4626 (January 28, 2005). As with the essential hospitals, the RPPO would pay the providers at fee-for-service levels. These arrangements are distinct from the essential hospitals mechanism in that the providers may not seek additional payments from CMS for costs that exceed the fee-for-service payments.

3. Private Fee-For-Service (PFFS) Applications

Q1. (1/20/2006) The fact that CMS's testing of a PFFS applicant's claims processing system generally takes 6-8 weeks will make it virtually impossible for an organization to submit a 2007 PFFS application in early 2006 and be approved in time to submit a bid in early June. Can CMS streamline this process?

A1. **(1/20/2006)** Yes, CMS has streamlined the PFFS application process. An applicant can validate the claims system for a PFFS application in the following ways:

a. Use a claims system that has been previously tested by CMS, e.g., using a third party claims administrator that CMS has tested;

b. Use a claims system that has been CMS-approved for a PFFS product; or

c. Validate the applicant's claims system. The applicant provides reports and/or narratives that clearly demonstrate that the applicant has a claims system that is duly tested and has the ability to pay provider rates that are not less than rates that apply under Original Medicare. In

addition, the applicant must agree to:

(1). Sign an Attestation Form which states that the applicant has properly instituted the Reimbursement Grid and has a tested system that has the ability to pay provider rates that are not less than rates that apply under Original Medicare;

(2). Submit complete Provider Dispute Resolution Policies and Procedures with the application to address any written or verbal provider dispute/complaints, particularly regarding the amount reimbursed; and

(3). Submit biweekly report to the CMS Regional Office plan manager providing: (a) data which outline all provider complaints (verbal and written), including instances where providers or beneficiaries question the amount paid, for six months following the receipt of the first claim; and (b) data which outline all beneficiary appeals and/or complaints (verbal and written) related to claims for the six months following the receipt of the first claim.

4. Special Needs Plans

Q1. (01/20/2006) Where is information about MA Special Needs Plans (SNPs) located?

A1. **(01/20/2006)** The CMS has provided the SP requirements in the MA applications. Additional guidance can be found at: http://www.cms.hhs.gov/SpecialNeedsPlans/.

Q2. (01/20/2006) Does an organization that wishes to request approval to offer a SNP need to fill out an application?

A2. **(01/20/2006)** Organizations that do not have a current contract with CMS must complete the full MA Coordinated Care Plan (CCP) application in order to offer a Special Needs Plan (SNP). The SNP section of the application is posted at: http://www.cms.hhs.gov/MedicareAdvantageApps/.

Any contracting MA organization interested in adding a SNP in its contracted service area must submit the cover page of the MA application and the SNP section of the MA Application. Two copies of this information should be sent to the Director, Division of Special Programs (DSP), Medicare Advantage Group in CMS' Central Office and 2 copies should be sent to the appropriate CMS Regional Office.

Any contracting MA organization interested in expanding its service area and adding a SNP in the expanded service area must complete the MA service area expansion (SAE) application including the SNP section of the SAE application.

Please note that in any of the above scenarios, the organization must also submit a Part D application. That application is posted at: http://www.cms.hhs.gov/PrescriptionDrugCovContra/04_RxContracting_ApplicationGuidance.asp#TopOfPage.

5. §1876 Cost-based Plans

Q1. (01/20/2006) Is CMS accepting new initial §1876 Cost-based plan applications?

A1**. (01/20/2006)** No. New Cost-based plan applications are being accepted by CMS. However, CMS will accept service area expansion applications from Cost-based plan contractors for a 1/1/2007 effective date but should contact their Central Office Plan Manager.

Q2. (01/20/2006) May §1876 Cost-based plans continue contracting with CMS?

A2. **(01/20/2006)** Yes, through contract year 2007. However, CMS will non-renew all or a portion of a Cost-based plan's contract service area using procedures in §417.492(b) and §417.494(a) for any period beginning on or after January 1, 2008, where either of the following conditions exist: (a) two or more coordinated care plan MA regional PPOs, or (b) two or more MA plans meeting certain enrollment requirements, have been in the same service area or portion of a service area as the cost contract for the entire previous calendar year.

Q3. (01/20/2006) Will §1876 Cost-based contractors be able to offer Part D Benefits in 2007?

A3. **(01/20/2006)** Yes. Title I legislation provides Cost-based plans with the option of providing Medicare Part D benefits beginning in contract year 2007.

6. PACE

Q1. (01/20/2006) Does a PACE program need to complete a MA or MA-PD application?

A1. **(01/20/2006)** No. Instructions for PACE organizations are at http://www.cms.hhs.gov/PACE/

7. Part D Applications

Q1. (01/20/2006) When does a Medicare Advantage applicant (or current plan) have to submit its formulary for review?

A1. **(01/20/2006)** All formularies for 2007 contracts must be submitted to CMS for review by or before April 17, 2006. This is to ensure that bids by applicants and current plans can be based on an approved formulary.

Q2. (01/20/2006) Where is information related to the MA-PD Prescription Drug Benefit application materials located?

A2. **(01/20/2006)** The CMS has published final application materials and instructions on its website at: http://www.cms.hhs.gov/PrescriptionDrugCovContra/04_RxContracting_ApplicationGuidance.asp#TopOfPage.

Q3. (01/20/2006) Do you anticipate that the signing of the 2007 contracts for MA organizations and PDPs will take place on the same date?

A3. **(01/20/2006)** Yes. We expect to sign MAO and PDP contracts for 2007 no later than early September 2006. We expect that Part D terms and conditions will be an addendum to the MAO contract.

8. Timeline and Training

Q1. (01/20/2006) Has CMS scheduled training on the 2007 applications?

A1. **(01/20/2006)** Industry Training on the MA, MA-PD 2007 applications are scheduled for January 31, 2006. CMS is also planning training on all aspects of the MMA, topics, dates and places are currently under discussion and as soon as they are finalized will be published on http://www.cms.hhs.gov/MedicareAdvPartDTrain/.

Q2. (01/20/2006) How can an organization learn about upcoming training events?

A2. **(01/20/2006)** The CMS will post training sessions and materials on the CMS website at http://www.cms.hhs.gov/MedicareAdvPartDTrain/.

9. Bidding Conference

Q1. (01/20/2006) When will CMS conduct a bidding conference?

A1. **(01/20/2006)** A bidding conference is being planned for early April. When conference dates are confirmed, they will be posted on the CMS training website http://www.cms.hhs.gov/MedicareAdvPartDTrain/.

10. Marketing

Q1. (01/20/2006) How will marketing requirements change for contract year 2007?

A1. **(01/20/2006)** This is currently being determined. Information concerning revisions in marketing requirements will either be presented at the bidding conference in early April or in a separate conference. Organizations should check the CMS training website for updated information at http://www.cms.hhs.gov/MedicareAdvPartDTrain/.

11. HPMS

Q1. (1/20/2006) How may a new MA or PDP applicant with no prior or current access to the Health Plan Management System (HPMS) get access as soon as possible in order to use the

system to meet CMS deadlines?

A1. **(1/20/2006)** You must complete and submit a signed, hard copy of the form found at www.cms.hhs.gov/mdcn/access.pdf. The most important CMS suggestion is that the organization's initial request for CMS systems access be for HPMS **alone** and be sent in **with** its application.

It is critical to secure HPMS access immediately. Medicare Advantage or Prescription Drug Plan applicants and contractors are required to use HPMS to carry out various Medicare functions, including the application process, formulary submission process, bid submission process, ongoing operations of the MA and Part D programs, and reporting and oversight activities. Lack of access will hold up the progress of application review during a period when timeliness is of utmost importance.

Applicants with questions about the HPMS access process may contact Don Freeburger (410-786-4586 or Donald.Freeburger@cms.hhs.gov) or Neetu Jhagwani (410-786-2548 or Neetu.Jhagwani@cms.hhs.gov) with any questions. The CMS will provide the MA or PDP applicant organization with additional technical instructions on accessing HPMS, including its website address, once its user ID has been processed.

Q2. (1/20/2006) Does a new MA or PDP applicant whose organization already has HPMS access for other CMS functions, such as under another MA or PDP product, need to request new CMS user IDs?

A2. **(01/20/2006)** No, unless it needs to obtain HPMS access for new users in its organization. If that is the case, once the organization has received its new pending contract number, it may contact Don Freeburger at 410-786-4586 or Donald.Freeburger@cms.hhs.gov to request that its new contract number be assigned to an existing HPMS user ID.