

DATE: October 29, 2001

NOTE TO: All Medicare + Choice Organizations

FROM: Robert Donnelly /s/
Director, Health Plan Policy Group, CMS

RE: Standardized Coverage and Payment Denial Notices

Section 1852(g)(1)(B) of the Social Security Act specifies that an M+C organization's explanation of a determination to deny coverage "shall be in writing and shall include a statement in understandable language of the reasons for the denial and a description of the reconsideration and appeals processes." Implementing regulations at § 422.568 clarify that for all service or payment denials, M+C organizations must "use approved notice language . . . and comply with any other notice requirements specified by HCFA."

Since late 1999, we have been in the process of developing, consumer testing, and obtaining approval from the Office of Management and Budget (OMB), through its Paperwork Reduction Act process (involving two rounds of public comments and subsequent revisions), of two standardized notices that M+C organizations can use to meet these requirements—one for service denials and one for payment denials. Operational Policy Letter (OPL) 132 alerted M+C organizations that, pending OMB approval, use of these notices by all M+C organizations would be required beginning January 1, 2002. Subsequently, OMB approved these succinct, consumer-friendly denial notices on May 30, 2001.

In recent months, M+C organizations and industry representatives have contacted CMS for further direction regarding implementation of the denial notices. The purpose of this note is to confirm that, consistent with OPL 132, all M+C organizations must use the published versions of CMS-10003-NDMC, the Notice of Denial of Medical Coverage, and CMS-10003-NDP, the Notice of Denial of Payment, effective January 1, 2002. As promised in several recent meetings with M+C organizations and other industry representatives, attached are Qs and As to provide additional guidance about the use of these forms.

Questions about this memorandum may be directed to Chris Gayhead at (410) 786-6429, cgayhead@cms.hhs.gov.