

**Cost Plan Transition Qs & As**  
**May 17, 2017**

**Question:**

1. When are cost plans required to notify CMS that they will be converting to MA and deeming enrollments?

**Response:**

Converted MA plans seeking deemed enrollment may notify CMS via the HPMS crosswalk process which may be completed as early as May of the year preceding deemed enrollment. All crosswalks must be completed by the time the bid is due, the first Monday in June, unless a plan qualifies to submit a crosswalk during the exceptions window. For additional information regarding permissible crosswalks, and the exceptions process, please refer to the HPMS memorandum from May 18, 2016 entitled "Process for Requesting an HPMS Crosswalk Exception for Contract Year (CY) 2017."

**Question:**

2. Will CMS allow an MAO to offer a converted MA plan(s) if the converted plan(s) fail the modified total beneficiary cost (TBC) test?

**Response:**

Yes, the converted plan that fails TBC may be offered but it will not be eligible for deemed enrollment.

Example: If a cost plan offering three PBPs in its last cost contract year meets the modified TBC test for two of the three converted MA plans, all three of the converted plans may be offered but only the two plans meeting the modified TBC test will be eligible for deemed enrollment.

As noted in the HPMS memo dated December 7, 2015, (attached) CMS uses the term "converted MA plan" to refer to the MA plan to which existing cost plan enrollment is deemed when the cost plan exits the Medicare program. Only those MA plans that meet all requirements in sections 1876(h)(5)(C)(iv – v)<sup>1</sup> and 1851(c)(4) can be converted MA plans and receive deemed enrollment from the cost plan. Accordingly, a converted MA plan must meet the modified TBC test. If an MA plan does not meet the modified TBC test, but meets all other CMS requirements to be an MA plan, we intend to treat that MA plan as a new plan, rather than a converted MA plan and cost enrollees will not be deemed into that plan. Once the converted MA Plan is established, the standard TBC evaluation process is applied to future years.

**Question:**

3. Will CMS provide data to cost plans regarding enrollees' Part D coverage? Will CMS help cost plans identify which enrollees have Part D through an unaffiliated PDP?

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<sup>1</sup> Section 1876(h)(5)(C)(iv)(IV) requires the converting cost plan to provide to CMS the information CMS determines is necessary "to carry out section 1851(c)(4) and to carry out section 1854(a)(5), including subparagraph (C)(ii) of such section," which authorizes denial of MA bids that propose significant increases in cost sharing or decreases in benefits.

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**Response:**

No, CMS will not provide information regarding enrollees' Part D coverage. CMS is developing a model notice for plans to use in this situation. This notice should be sent to enrollees in conjunction with the Cost Contract Transition Notice for all enrollees that do not receive Part D coverage through the cost plan or from an affiliated Part D plan. *See* section 1851(c)(4)(B)(ii) (definition of an MA eligible individual "with prescription drug coverage"). Please see our July 21, 2016 HPMS email to cost contractors (text included in Q and A 5 below), about notification of enrollees.

**Question:**

4. May cost plans convert to the MA program and deem enrollments after 2019?

**Response:**

No, however, CMS will continue to work with cost plans seeking to transition to MA after 2019. The statute does not permit deeming of enrollment, or the other elements specified in section 1876(h)(5)(C)(v), beyond contract year 2018. Section 1876(h)(5)(C)(iv)(I) of the Act is clear that the "last reasonable cost reimbursement year for the contract" – which is the period identified in section 1851(c)(4)(A)(ii) as the period during which the cost plan operated for deemed enrollment to be available – is 2018 at the latest.

**Question:**

5. When will a cost plan next be affected by the cost plan competition requirements?

**Response:**

Cost plans will no longer be able to offer a plan in a service area or portion of a service area as a result of the cost plan competition analysis in calendar year 2019.

**Question:**

6. Can a cost plan provide its deemed members required plan information through the converted MA plan ANOC/EOC?

**Response:**

No, converting plans must submit this information to enrollees through the Cost Contract Transition Notice which is separate from the ANOC. The guidance from our July 21, 2016 HPMS email about this notification is included below.

***July 21, 2016, HPMS Email***

This email provides guidance on the submission of the notice to beneficiaries as a result of the cost contract transition provisions included in the Medicare Access and CHIP Reauthorization ACT of 2015 (MACRA).

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As stated in our December 7, 2015 HPMS memo “Implementation of Cost Contract Plan Transition Requirements under the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA),” cost plans affected by competition requirements are permitted to transition to Medicare Advantage and voluntarily non-renew their existing plans. Each cost plan enrollee affected by this transition must receive notification from their cost plan by September 15 of the year prior to the enrollment conversion date. The Cost Contract Transition Notice to Beneficiaries must be submitted in the HPMS under Crosswalk Notice (File & Use) (Code 2085).

If you have any questions about this email please contact your Regional Office Account Manager.

**Question:**

7. When does the star rating of the cost plan transfer to the contract holding the converted plan?

**Response:**

As explained in the HPMS memo dated February 9, 2016, the assignment of a star rating for a contract that includes a converted plan depends on whether the converted plan is added to an existing MA-PD contract or requires a new MA-PD contract. Below are examples of how the star ratings are calculated for the possible scenarios.

***Organizations converting a cost plan to a plan under an existing MA-PD contract with other MA-PD plans***

If there is sufficient MA contract star ratings data available for the contract that includes the converted plan, the star rating of the cost plan will not be transferred to the contract holding the converted MA plan.

***Organizations applying for a new MA-PD contract***

In order to meet MA contracting requirements, contracts holding a cost plan and wishing to convert that cost plan to an MA contract will need to offer at least one Medicare Advantage Prescription Drug (MA-PD) plan under the contract containing the converted cost plan. If the current contract holding the cost plan offered any plan with prescription drug coverage, then the Part C summary rating and measures scores, Part D summary rating and measures scores, and the overall rating from that contract holding the cost plan will be applied to the contract holding the converted cost plan.

***Organizations that have not previously offered any plans with Part D coverage***

If the contract holding the cost plan has not previously offered any plans with prescription drug coverage, the contract holding the converted cost plan will not have an overall rating until data are available for the new contract holding the converted cost plan, because both a Part C and a Part D summary rating are needed to produce an overall rating for a MA-PD contract. Thus, for purposes of Quality Bonus Payments for converted contracts with no overall rating or Part D

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summary rating, CMS will follow the same rules for assigning a Quality Bonus Payment Rating as is currently applied for low enrollment MA-PD contracts. For further information on the low enrollment designation see the *Advance Notice of Methodological Changes for Calendar Year (CY) 2016 for Medicare Advantage (MA) Capitation Rates, Part C and Part D Payment Policies and 2016 Call Letter*, published on February 20, 2015. For the Part C summary rating in this new contract, section 1853(o)(4)(C) of the Act provides for using Star Rating data from cost plans for purposes of calculating the Star Rating of a converted MA plan. Therefore, the Part C summary rating will not be based on treatment of the converted MA plan as a new or low enrollment plan.

**Question:**

8. Should cost plans converting to an MA should submit plan benefit packages (PBPs) for mandatory and optional supplemental benefits.

**Response:**

As stated in our February 9, 2016 guidance, cost plans intending to convert the next year to an MA plan will be required to follow the MA requirements, which requires entering optional and supplemental benefits separately into the PBP.

**Question:**

9. If an organization operates both a cost plan and an MAO during 2018, may the organization apply for an MA contract of a different type (such as an MA PPO) for 2019 and designate the MA PPO's plans as the converted plan for purposes of receiving deemed enrollment?

**Response:**

Yes. However, in order to deem enrollment, note that the converted MA plan(s) must meet the modified TBC analysis and the other requirements in sections 1876(h)(5)(C)(iv) - (v) and 1851(c)(4).

**Question:**

10. May a person who ages in to Medicare (or is a new hire) effective December 1 of the last cost contract year and is covered under an employer group health plan, enroll in the cost plan effective December 1?

**Response:**

Yes, enrollees covered under an employer group health plan may enroll in a cost plan effective December 1 of the last cost contract year.