



**MEDICARE ADVANTAGE APPLICATIONS**  
**2006 Application Questions & Answers**  
**January 21, 2005**

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# **1. General Information about 2006 Application Documents and Process**

## **Q1. (01/20/2005) Have 2006 Medicare Advantage applications been finalized?**

A1. (01/20/2005) Yes. Applications for the four 2006 Medicare Advantage (MA) contract types provided for in the MMA are posted at <http://www.cms.hhs.gov/healthplans/applications>: local Coordinated Care Plan, Regional Preferred Provider Organization (RPPO), Private-Fee-For-Service (PFFS) plan, and Medical Savings Account (MSA). These applications reflect the comments submitted by the public on the draft applications posted in December 2004 and are consistent with the recently published final Title I and Title II regulations. Additionally, the site includes updated guidance to organizations requesting a MA Special Needs Plan (SNP).

## **Q2. (01/20/2005) Who should use these applications?**

A2. (01/20/2005) Applicants seeking a MA contract with a January 1, 2006 enrollment effective date.

## **Q3. (01/20/2005) Is there an application that should be completed by an existing 2005 Medicare Advantage Organization (MAO) to transition to the new rules that will apply for 2006?**

A3. (01/20/2005) No. In order to transition to a contract under the new rules effective January 1, 2006, each MA contractor must submit information to CMS according to established timelines. A MA organization will be requested to submit four pieces of information to CMS: (a) a signed MA plan transition attestation, due by March 23, 2005, indicating the organization's intent to transition to 2006 requirements; (b) a prescription drug benefit (PD) application, due by March 23, 2005; (c) MA and MA-PD bid submissions, due by June 6, 2005; and (d) business integrity attestation. Instructions for transitioning are located at <http://www.cms.hhs.gov/healthplans/transition>. These instructions also address the transition of cost plans and MA local PPO demonstrations.

## **Q4. (01/20/2005) 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 local CCP contractor applying to offer a MA PFFS plan or a Regional PPO plan)?**

A4. (01/20/2005) 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. For direction on what material to submit, potential RPPO applicants should contact Helaine Fingold at 410-786-5014 or [Hfingold@cms.hhs.gov](mailto:Hfingold@cms.hhs.gov). Potential applicants for all other plan types should contact Letticia Ramsey at 410-786-5262 or [lramsey@cms.hhs.gov](mailto:lramsey@cms.hhs.gov).

## **Q5. (01/20/2005) When should the service area expansion (SAE) application for local Coordinated Care Plans (CCP) and Private Fee-for-Service (PFFS) plans be used?**

A5. **(01/20/2005)** MA local CCP or PFFS contractors for 2005 that wish to expand their existing service areas in 2006 should use the SAE application. However, requests for service area expansions for 2006 must be received by CMS in Baltimore no later than March 23, 2005.

**Q6. (01/20/2005) Were dramatic changes made to the 2005 applications for local CCPs, PFFS plans, and Service Area Expansions (SAEs)?**

A6. **(01/20/2005)** No. In response to the industry's request that the format of the 2006 applications remain as similar as possible to the format in previous years to cut down on application learning and preparation time, CMS followed the content and process of the two 2005 MA applications as closely as possible. Changes made in these applications for 2006 are intended to reduce administrative burden, streamline process, and lessen the information being requested of applicants. Several aspects of the 2006 applications demonstrate our approach:

- a. Applicants will not be required to submit provider signature pages as part of the application;
- b. The amount of financial information requested of applicants has been reduced;
- c. A single set of instructions applies to all applications;
- d. Requests for duplicative and/or information not tied directly to regulatory requirements have been dropped from applications;
- e. Similar efficiencies exist for concurrent review of an applicant's requests for multiple products;
- f. Abbreviated applications and use of data already in CMS's contractor data base will ease the application process for current MA contractors as they add additional products or service areas; and
- g. Much of the transition by current MA/M+C contractors to the 2006 MMA requirements will be accomplished by our reliance on CMS core data and our experience with current contractors.

Two MA applications (RPPO and MSA) are new in 2006. In developing these documents, CMS built on the existing MA application and has been very careful to limit requested information to that necessary to determine whether an applicant meets statutory and regulatory requirements. The RPPO is the only new health plan type created by the MMA. An entire section of questions and answers on various aspects of this application appears below. We also developed transition instructions for current contractors to meet the 2006 MMA requirements.

**Q7. (01/20/2005) Has consideration been given to streamlining the CMS application process?**

A7. **(01/20/2005)** Yes. The CMS has taken substantial steps to make the application cycle as efficient and as non-duplicative as possible. We believe that the improvements to the process will reduce the application review cycle to roughly 8 weeks for most applications.

**Q8. (01/20/2005) 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?**

A8. (01/20/2005) Yes. A “Resource Tool for Medicare Managed Care Applicants”, located at <http://www.cms.hhs.gov/healthplans/applications/resources.pdf> provides links to basic reference documents, such as the Medicare Managed Care Manual, Transition guidelines, CMS letters to MA organizations, and HIPPA requirements.

**Q9. (01/20/2005) What is the last date that a MAO can submit a 2006 MA application to CMS?**

A9. (01/20/2005) To be accepted for review, a 2006 MA application must be received at CMS Central Office headquarters, 7500 Security Boulevard, Baltimore, MD 21244, by March 23, 2005 at 5:00 P.M., Eastern Standard Time.

**Q10. (01/20/2005) Who will be reviewing the 2006 MA applications?**

A10. (01/20/2005) A combination of CMS Regional and Central Office staff will review MA applications. Regional PPO applications will be reviewed by Central Office staff.

**Q11. (01/20/2005) Where can questions be directed regarding the 2006 MA applications?**

A11. (01/20/2005) The individuals listed below are available to answer questions about specific MA applications.

- Local Coordinated Care Plan (HMO, HMO-POS, PSO)  
Ann Moses 410-786-1167 [amoses@cms.hhs.gov](mailto:amoses@cms.hhs.gov)
- Regional Preferred Provider Organization (RPPO)  
Helaine Fingold 410-786-5014 [hfingold@cms.hhs.gov](mailto:hfingold@cms.hhs.gov)
- Private Fee-For-Service Organization (PFFS)  
Mervyn John 410-786-1141 [mjohn@cms.hhs.gov](mailto:mjohn@cms.hhs.gov)
- Medicare Savings Account (MSA)  
Donna Dalfonzo-Wiggs 410-786-9289 [ddalfonzowiggs@cms.hhs.gov](mailto:ddalfonzowiggs@cms.hhs.gov)
- Service Area Expansion (CCP, PFFS)  
Lisa Littleaxe 214-767-6436 [llittleaxe@cms.hhs.gov](mailto:llittleaxe@cms.hhs.gov)

## **2. Regional PPO (RPPO) Applications**

**Q12. (01/20/2005) What is the CMS due date for a Medicare Advantage Regional PPO application to begin enrollment on January 1, 2006?**

A12. (01/20/2005) The Regional PPO application for plan year 2006 must be submitted on or before March 23, 2005 at 5:00 P.M. Eastern Standard Time. However, CMS understands that

interested organizations are working under very tight time frames in trying to create a Medicare Advantage RPPO product. The CMS is committed to employing maximum flexibility in gathering and evaluating the information requested in the application and will work one-on-one with any entity interested in applying to offer this product to overcome any obstacles it faces.

**Q13. (01/20/2005) Is there a CMS contact for organizations seeking assistance with the Regional PPO application process?**

A13. (01/20/2005) Any organization that is interested in applying to offer a Regional PPO product for the 2006 plan year should immediately contact Helaine Fingold, Medicare Advantage Group, in the Center for Beneficiary Choices, CMS Central Office, at [hfingold@cms.hhs.gov](mailto:hfingold@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.

**Q14. (01/20/2005) If an applicant currently has a MA contract with CMS, is it required to complete a new application to offer a Regional PPO?**

A14. (01/20/2005) 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.

**Q15. (01/20/2005) An organization is interested in serving a 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 23, 2005 when it submits the initial Regional PPO application?**

A15. (01/20/2005) As part of the Regional PPO application process for plan year 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 November 1, 2005. Organizations should be aware, however, that the licensure waiver package for Part D applications is due by June 1, 2005. Applicants who wish to further discuss licensure requirements should contact Helaine Fingold.

**Q16. (01/20/2005) 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?**

A16. (01/20/2005) Entities seeking to offer a PPO product in multiple regions, or to offer multiple PPO products in one region, may submit a single application. However, information about each proposed product in each proposed region must be provided.

**Q17. (01/20/2005) An organization's provider network is not yet 100 percent set. Must applicants submit signed provider agreements by March 23, 2005 with the initial application?**

- A17. **(01/20/2005)** No. Regional PPO applicants will not be disqualified for failure to provide all required information concurrent with the submission of the initial application. Applicants must offer a product that ensures beneficiary access to the full range of Medicare services and providers. The CMS will employ flexibility in the timeframe for demonstrating network adequacy by allowing for submission of access standards and supporting narratives prior to documentation of signed agreements. The CMS will use the standards and narratives to measure applicants' progress in this area. Applicants are encouraged to contact CMS Medicare Advantage Group to discuss their specific situations.
- Q18. (01/20/2005) 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?**
- A18. **(01/20/2005)** 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. Three hard copies and two electronic versions of the application must be sent to the Central Office to the attention of the Document Control Officer at Mail Stop C4-23-07, 7500 Security Boulevard, Baltimore, MD 21244. 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/healthplans/applications>. All application-related questions should be directed to Helaine Fingold.
- Q19. (01/20/2005) 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?**
- A19. **(01/20/2005)** The CMS is encouraging applicants to 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.
- Q20. (01/20/2005) Will CMS conduct site visits as part of the Regional PPO application review process?**
- A20. **(01/20/2005)** 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.

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

**Q21. (01/20/2005) 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 2006 PFFS application in early 2005 and be approved in time to submit a bid in early June. Can CMS streamline this process?**

A21. (01/20/2005) Yes. The 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) providing 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**

**Q22. (01/20/2005) Where is information about MA Special Needs Plans (SNPs) located?**

A22. (01/20/2005) The CMS has posted updated guidance about SNP requirements under the MMA at <http://www.cms.hhs.gov/healthplans/applications>. Additionally, Eric Nevins is available to answer any specific questions about offering a SNP. Mr. Nevins may be reached at 410-786-1162 or [enevins@cms.hhs.gov](mailto:enevins@cms.hhs.gov).

**Q23. (01/20/2005) Does an organization that wishes to request approval to offer a SNP need to fill out an application?**

A23. **(01/20/2005)** Local CCPs and Regional PPOs are the only entities that may offer SNPs in 2006. The requesting organization's status in relation to the MA program determines which method it will use to request CMS approval. If an initial applicant for a local CCP or a Regional PPO in 2006 wishes to request approval to offer a SNP as part of its application submission, it must follow the instructions in the SNP section of each application. The SAE application has a specific SNP section with instructions for local CCPs that want to expand their area and offer a SNP at the same time. Finally, an existing local CCP that wishes to add a SNP to its current area should submit a proposal directly to CMS, following the posted interim SNP guidance.

## **5. §1876 Cost-based Plans**

**Q24. (01/20/2005) Is CMS entering into new contracts with §1876 Cost-based plans?**

A24. **(01/20/2005)** No new Cost-based plan contracts are being accepted by CMS. However, CMS will accept and approve applications to modify Cost-based plan contracts in order to expand service areas, provided they are submitted on or before September 1, 2006 and CMS determines that the organization continues to meet regulatory requirements and the requirements in its Cost-based plan contracts.

**Q25. (01/20/2005) May §1876 Cost-based plans continue contracting with CMS?**

A25. **(01/20/2005)** 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 plans, or (b) two or more MA local 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.

**Q26. (01/20/2005) Is there a new application for §1876 Cost-based Plans?**

A26. **(01/20/2005)** No. The CMS is not accepting new applications from §1876 Cost-based plans.

**Q27. (01/20/2005) Will §1876 Cost-based contractors be able to offer Part D Benefits in 2006?**

A27. **(01/20/2005)** Yes. Title I legislation provides Cost-based plans with the option of providing Medicare Part D benefits beginning in contract year 2006.

**Q28. (01/20/2005) Are there any transition requirements that §1876 Cost-based plans must meet prior to contract year 2006?**

A28. **(01/20/2005)** Yes. The transition guidance at <http://cms.hhs.gov/healthplans/applications> describes the requirements for cost contractors, as well as MA contractors and MA PPO demonstrations. All Cost-based plans that wish to continue contracting with CMS in contract year 2006 must sign at least an attestation and submit a bid. Those cost contractors wishing to continue and to offer Part D benefits must also submit a prescription drug benefit bid.

## **6. PACE Transition**

**Q29. (01/20/2005) Where is information about the PACE organizations meeting the 2006 MMA requirements located?**

A29. (01/20/2005) The CMS has posted a memorandum that outlines specific instructions for PACE programs. The document can be found at <http://www.cms.hhs.gov/pace>. Specific questions may be addressed to Sandra Bastinelli at 410-786-3630 or [sbastinelli@cms.hhs.gov](mailto:sbastinelli@cms.hhs.gov).

**Q30. (01/20/2005) Does a PACE program need to complete a MA or MA-PD application?**

A30. (01/20/2005) No. Instructions for PACE organizations are at <http://www.cms.hhs.gov/pace>.

## **7. PPO Demonstration Transition**

**Q31. (01/20/2005) Where can information be found for an existing MA PPO demonstration to transition to the new rules that will apply in 2006?**

A31. (01/20/2005) The CMS transition guidance, available at <http://www.cms.hhs.gov/healthplans/transition>, addresses this topic thoroughly.

## **8. Part D Applications**

**Q32. (01/20/2005) When does a Medicare Advantage applicant (or current plan) have to submit its formulary for review?**

A32. (01/20/2005) All formularies for 2006 contracts must be submitted to CMS for review by or before April 18, 2005. This is to ensure that bids by applicants and current plans can be based on an approved formulary.

**Q33. (01/20/2005) Where is information related to the MA-PD Prescription Drug Benefit application materials located?**

A33. (01/20/2005) The CMS has published final application materials and instructions on its website at <http://www.cms.hhs.gov/pdps/>.

**Q34. (01/20/2005) What must a MA applicant (initial or transition) do to meet Part D requirements?**

A34. (01/20/2005) Each entity applying to be an MAO in 2006 must submit an MA-PD plan application and secure CMS approval of it. This application is a shorter version of the application required of Prescription Drug Plan (PDP) sponsors. The applicant must also submit to CMS a successful bid related to its prescription drug benefit. Information about the MA-PD application process can be found at <http://www.cms.hhs.gov/pdps/>.

**Q35. (01/20/2005) Do you anticipate that the signing of the 2006 contracts for MA organizations and PDPs will take place on the same date?**

A35. (01/20/2005) Yes. We expect to sign MAO and PDP contracts for 2006 no later than early September 2005. We expect that Part D terms and conditions will be an addendum to the MAO contract.

## **9. Timeline and Training**

**Q36. (01/20/2005) Is there a timeline that addresses the filing of 2006 applications?**

A36. (01/20/2005) The CMS maintains a common calendar for Medicare Advantage and the Medicare Prescription Drug Benefit at <http://www.cms.hhs.gov/medicarereform/mma-t1t2-calendar.pdf> with up-to-date schedules and deadlines for the implementation process. Organizations should check these sites frequently for updates.

**Q37. (01/20/2005) Has CMS scheduled training on the 2006 applications?**

A37. (01/20/2005) Yes. The CMS conducted training on all aspects of the MMA for 2006, including MA applications, on January 24-27, 2005 in Baltimore, Maryland. Repeat training for prescription drug plans and MA applicants unable to attend this conference in Baltimore will be held on January 31-February 1 in San Diego, CA and February 3-4 in New Orleans, LA. Conference logistics and accommodations can be accessed through [www.aspenxnet.com/partd](http://www.aspenxnet.com/partd).

**Q38. (01/20/2005) How can an organization learn about upcoming training events?**

A38. (01/20/2005) The CMS will post training sessions and materials on the CMS website at <http://www.cms.hhs.gov/healthplans/training>.

**Q39. (01/20/2005) How can an organization receive news about the Medicare Advantage program on an ongoing basis?**

A39. (01/20/2005) The CMS offers an electronic mailing list service for those interested in receiving news about its programs. This service is optional. You can subscribe to any of CMS's mailing lists by clicking on the "Email Updates" link found at the bottom of every CMS web page, or by using the following web address: <http://www.cms.hhs.gov/maillinglists/>. Please note that the National Institutes of Health (NIH) hosts all CMS listservs. The CMS values your privacy. Your email address, should you choose to subscribe, will be used only for sending listserv messages and will not be shared with third parties.

## **10. Bidding Conference**

**Q40. (01/20/2005) The CMS has historically held an Adjusted Community Rate (ACR) conference to train contracting organizations about ACR submission. Will a bidding conference be held?**

A40. (01/20/2005) Yes. A bidding conference is being planned for late March/early April. It will be held shortly after the deadline for application submission. When conference dates are confirmed, they will be posted at <http://www.cms.hhs.gov/healthplans/training>.

## 11. Marketing

### Q41. (01/20/2005) How will marketing requirements change for contract year 2006?

A41. (01/20/2005) This is currently being determined. Information concerning revisions in marketing requirements will either be presented at a bidding conference in March/early April or in a separate conference. Organizations should check the CMS website at <http://cms.hhs.gov/healthplans/marketing> for updated information.

## 12. HPMS

### Q42. (01/20/2005) How may a new MA 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 2006 deadlines?

A42. (01/20/2005) The CMS has provided specific guidance to applicants on how to expedite the usually lengthy process to gain HPMS access in the MA Applications Guidelines at <http://www.cms.hhs.gov/healthplans/applications>. 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 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 [DFreeburger@cms.hhs.gov](mailto:DFreeburger@cms.hhs.gov)) or Neetu Jhagwani (410-786-2548 or [NJhagwani@cms.hhs.gov](mailto:NJhagwani@cms.hhs.gov)) with any questions. The CMS will provide the MA applicant organization with additional technical instructions on accessing HPMS, including its website address, once its user ID has been processed.

### Q43. (01/20/2005) Does a new MA applicant whose organization already has HPMS access for other CMS functions, such as under another MA product, need to request new CMS user IDs?

A43. (01/20/2005) 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 [DFreeburger@cms.hhs.gov](mailto:DFreeburger@cms.hhs.gov) to request that its new contract number be assigned to an existing HPMS user ID.