

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, Maryland 21244-1850



CENTER FOR BENEFICIARY CHOICES

Notice of Qualification to Renew Prescription Drug Plan Contract

April 28, 2006

We are pleased to notify you that CMS has determined that your organization is qualified to renew its contract as a Prescription Drug Plan (PDP) Sponsor for contract year 2007. The determination includes any employer/union-only group waiver plans (i.e., “800-series” plan benefit packages). This notice is provided pursuant to 42 CFR §423.506(c)(1) and 42 CFR §423.507(b)(2)(i).

Although your organization is qualified to renew your PDP Sponsor contract, there are still several steps required of you before CMS may execute the contract renewal for the 2007 program year. Your organization must submit by June 5, 2006, a bid for each of the Part D plans you intend to offer during 2007. CMS must approve those bids before executing a renewal of your PDP Sponsor contract. CMS’ notice of approval of your Part D bids, to be issued in September 2006, will serve as your notice that your contract renewal is effective for 2007.

Your organization also must remain in compliance with Part D program requirements for the remainder of 2006. CMS will continue to monitor all PDP Sponsors’ performance throughout the remainder of 2006. Where we find Sponsors significantly out of compliance with Part D requirements, we may terminate those Sponsor’s contracts. In particular, CMS will focus on Sponsor compliance with those elements that significantly impact beneficiary satisfaction with their benefit plans. These areas include effective data systems, customer and provider call center service, exceptions and appeal processes, and pharmacy support. CMS has and will develop comprehensive performance measures for each of these areas, and we will routinely collect and analyze data that measure each Sponsor’s level of compliance.

Should your organization elect to non-renew your PDP Sponsor contract, please address your notice to the following address by June 5, 2006:

Cynthia G. Tudor
Acting Director, Medicare Drug Benefit Group
Centers for Medicare & Medicaid Services
Mail Stop C1-26-12
7500 Security Boulevard
Baltimore, Maryland 21244-1850

A PDP Sponsor that non-renews its contract must comply with the enrollee and public notice requirements of 42 CFR §423.507(a)(2). Also, your organization will be prohibited from contracting with CMS for two years, pursuant to 42 CFR §507(a)(3).

Failure to submit to CMS by June 5, 2006, either a timely 2007 bid or a notice of non-renewal will be deemed a request to non-renew the related PDP Sponsor contract, and the requisite notice and prohibition on contracting provisions in §§ 423.507(a)(2) and (3) will apply. Similarly, if none of an organization's 2007 bids are approved by CMS, its PDP Sponsor contract will be non-renewed and will no longer be in effect for 2007. Under each of the above scenarios, because the non-renewal was either voluntarily effectuated through the non-submission of a bid or because CMS and the sponsor failed to reach agreement during bid negotiations, there would be no appeal of the non-renewal.

Finally, we remind you that, under 42 CFR §423.512, PDP Sponsors will be required to meet minimum enrollment standards during 2007. CMS may terminate the contracts of PDP Sponsors that do not have a minimum enrollment of 5,000 individuals (1,500 individuals for those Sponsors that primarily serve individuals residing outside of urbanized areas). Failure to meet minimum enrollment requirements during 2007 may also result in CMS' determination to non-renew a Sponsor's contract for 2008.

We appreciate your organization's efforts during the implementation of the Medicare Part D program, and we look forward to continuing to work with you in the coming year on making prescription drug benefits available to Medicare beneficiaries.

Sincerely,

Cynthia G. Tudor, Ph.D.
Acting Director
Medicare Drug Benefit Group