

## **Guidance for Prescription Drug Plan (PDP) Renewals and Non-Renewals**

Prescription Drug Plan (PDP) regions are defined by CMS and consist of one or more entire states (refer to Appendix 2, Chapter 5, of the Prescription Drug Benefit Manual for a map of the 34 PDP regions). Each PDP sponsor's Plan Benefit Packages (PBPs) must be offered in at least one entire region and a PDP sponsor's PBP cannot be offered in only part of a region. Please note that PDP bidding rules require PDP sponsors to submit separate bids for each region to be covered. HPMS only accepts a PDP sponsor's PBPs to cover one region at a time for individual market plans (e.g., a PDP sponsor offering a "national" PDP must submit 34 separate PBP bids in order to cover all PDP regions).

A PDP sponsor may expand the service area of its offerings by submitting additional bids in the PDP regions the sponsor expects to enter in the following contract year, provided the sponsor submits a PDP Service Area Expansion (SAE) application and CMS approves that application and then approves the sponsor's submitted bids for the new region or regions. For more information about the application process, refer to: [http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/RxContracting\\_ApplicationGuidance.html](http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovContra/RxContracting_ApplicationGuidance.html).

Conversely, a PDP sponsor may reduce its service area by electing not to submit bids for those regions from which it expects to withdraw. A PDP sponsor must notify CMS in writing (by sending an email to [nonrenewals@cms.hhs.gov](mailto:nonrenewals@cms.hhs.gov)) of its intent to non-renew one or more plans under a contract by the first Monday in June, which coincides with the statutory bid submission deadline. The same procedure applies to PDPs converting contracts from offering both individual and employer products to employer-only products because the individual plan is being non-renewed. However, even absent written notification to CMS, a PDP sponsor's failure to submit a timely bid to CMS constitutes a voluntary non-renewal of the plan by the sponsor. As a reminder, PDP sponsors must request contract level non-renewals (NR) and service area reductions (SAR) via HPMS. HPMS allows plan users to request a SAR and NR directly in HPMS for CMS' review and approval. (Note that PDP sponsors reducing their service areas must provide notice of their action to affected beneficiaries consistent with regulatory requirements, CMS' PDP Eligibility, Enrollment, and Disenrollment Guidance, Chapter 3 of the Prescription Drug Benefit Manual and annual summer CMS non-renewal and service area reduction guidance.)

Each renewal/non-renewal option available to PDP sponsors is summarized below and defined in Appendix 1. All but one of these actions can be effectuated by PDP sponsors in the HPMS Plan Crosswalk.

Please note, Medicare Advantage Organizations should reference Chapter 4, Chapter 16a, and Chapter 16b of the Medicare Managed Care Manual for guidance on renewals and non-renewals. CMS also publishes guidance on non-renewals in HPMS on an annual basis.

## **1. New Plan Added**

A PDP sponsor may create a new PBP for the following contract year with no link to a PBP it offers in the current contract year in the HPMS Plan Crosswalk. In this situation, beneficiaries electing to enroll in the new PBP must complete enrollment requests, and the PDP sponsor offering the PBP must submit enrollment transactions to MARx. No beneficiary notice is required in this case beyond receipt of the Evidence of Coverage (EOC), and other documents as required by current CMS guidance, following enrollment.

## **2. Renewal Plan**

A PDP sponsor may continue to offer a current PBP that retains all of the same service area for the following year. The renewing plan must retain the same PBP ID number and benefit design (basic or enhanced alternative) as in the previous contract year in the HPMS Plan Crosswalk. Current enrollees are not required to make an enrollment election to remain enrolled in the renewal PBP, and the sponsor will not submit enrollment transactions to MARx for current enrollees. New enrollees must complete enrollment requests, and the sponsor will submit enrollment transactions to MARx for those new enrollees. Current enrollees of a renewed PBP must receive a standard Annual Notice of Change (ANOC) notifying them of any changes to the renewing plan.

## **3. Consolidated Renewal Plan**

PDP sponsors are permitted to merge two or more entire PBPs offered in the current contract year into a single renewal plan in the HPMS Plan Crosswalk. A PDP sponsor may not divide a current PBP among more than one PBP for the following contract year. A PDP sponsor consolidating two or more entire PBPs must make certain that the consolidated renewal PBP ID is the same as one of the original consolidating PBP IDs. This is particularly important with respect to minimizing beneficiary confusion when a plan consolidation affects a large number of enrollees. When consolidating two existing PBPs into a single renewal PBP, it is permissible for the single renewal PBP to result in a change from:

- A basic benefit design (meaning either defined standard, actuarially equivalent standard, or basic alternative benefit designs) to another basic benefit design;
- An enhanced alternative benefit design to a basic benefit design; or
- An enhanced alternative benefit design to another enhanced alternative benefit design.

Current enrollees of a plan or plans being consolidated into a single renewal plan will not be required to take any enrollment action, and the sponsor will not submit enrollment transactions to MARx for those current members, although it may need to submit updated 4Rx data to CMS for the current enrollees affected by the consolidation. New enrollees must complete enrollment requests, and the sponsor will submit enrollment transactions to MARx for those new enrollees.

Current enrollees of a consolidated renewal plan must receive a standard ANOC.

CMS will no longer approve bids that include a PBP that would change a basic plan to an EA plan because of the potential for beneficiary confusion and disruption, as noted above, absent a compelling reason in CMS's determination, such as a sponsor that is under a consolidation plan.

#### **4. Renewal Plan with a Service Area Expansion (“800 Series” EGWPs only)**

A PDP sponsor offering an 800 series EGWP PBP in the current contract year may expand its EGWP service area to include additional PDP regions for the following contract year through the Part D application process. In order for currently enrolled beneficiaries to remain in the renewed PBP, the sponsor must retain the same PBP ID number for the following contract year.

Current enrollees will not be required to take any enrollment action, and the sponsor will not submit enrollment transactions to MARx for those current enrollees. New enrollees must complete enrollment requests, and the sponsor will submit enrollment transactions to MARx for those new enrollees. Current enrollees of a renewed PBP with a SAE must receive a standard ANOC notifying them of any changes to the renewing plan.

#### **5. Terminated Plan (Non-Renewal)**

A PDP sponsor may elect to terminate a current PBP for the following contract year and must notify CMS in writing (by sending an email to [nonrenewals@cms.hhs.gov](mailto:nonrenewals@cms.hhs.gov)) by the first Monday in June, which coincides with the statutory bid submission deadline. CMS expects the sponsor to crosswalk the affected enrollees into the most comparable plan, which includes the sponsor's basic plan if that is the only plan available. However, as stated in the CY 2015 Call Letter, CMS reminds sponsors that we do not intend to approve bids under which a PDP sponsor would propose to non-renew its current basic plan in a PDP region, thus disenrolling all the plan's current members at the end of the year, and offer a brand new basic plan during the upcoming benefit year. In a situation where enrollees are crosswalked to a comparable plan, the sponsor will not submit disenrollment transactions to MARx for affected enrollees. When a sponsor terminates a PBP, plan enrollees must make a new election for their Medicare coverage in the following contract year. To the extent that a current enrollee of a terminated PBP elects to enroll in another plan offered by the current or another PDP sponsor – or, alternatively, elects to enroll in an MA plan – he/she must complete an enrollment request, and the enrolling organization or sponsor must submit enrollment transactions to MARx so that those individuals are enrolled. Enrollees of terminated PBPs will be sent a model termination notice that includes notification of a special election period, as well as information about alternative options.

#### **6. Consolidated Plans under a Parent Organization**

For purposes of ensuring compliance with transition requirements following an acquisition or merger under our significant differences policy, or to make plan transitions following a novation,

CMS may elect to allow the merger of two or more entire PBPs offered under different contracts (the contracts may be offered by the same legal entity or represent different legal entities). PDP sponsors must complete this renewal option by submitting a crosswalk exception request through HPMS. Requests will be reviewed and, if approved, the action will be completed on behalf of the requesting PDP. Current enrollees of a plan or plans being merged across contracts in this manner will not be required to take any enrollment action, and the sponsor will not submit enrollment transactions to MARx for those current members, although it may need to submit updated 4Rx data to CMS for the current enrollees affected by the consolidation. New enrollees must complete enrollment requests, and the sponsor will submit enrollment transactions to MARx for those new enrollees. Current enrollees of a consolidated renewal plan must receive a special notice along with a standard ANOC.

**Appendix 1 –Guidance for Prescription Drug Plan (PDP) Renewals and Non-Renewals Table**

	<b>Activity</b>	<b>Definitions</b>	<b>HPMS Plan Crosswalk</b>	<b>Systems Enrollment Activities</b>	<b>Enrollment Procedures</b>	<b>Beneficiary Notifications</b>
1	New Plan (PBP) Added	A PDP sponsor creates a new PBP.	HPMS Plan Crosswalk Definition: A new plan added for the upcoming contract year that is not linked to a current contract year plan. HPMS Plan Crosswalk Designation: New Plan	The PDP sponsor must submit enrollment transactions.	New enrollees must complete an enrollment request.	None.
2	Renewal Plan	A PDP sponsor continues to offer a current contract year PBP into the upcoming contract year. The same PBP ID number and benefit design (basic or enhanced alternative) must be retained in order for all current enrollees to remain in the same PBP.	HPMS Plan Crosswalk Definition: An upcoming contract year plan that links to a current contract year plan and retains all of its plan service area. The upcoming contract year plan must retain the same plan ID as the current contract year plan. HPMS Plan Crosswalk Designation: Renewal Plan	The renewal PBP ID must remain the same so that current enrollees will remain in the same PBP ID. The PDP sponsor does not submit enrollment transactions for current enrollees.	No enrollment request for current enrollees to remain enrolled in the renewal PBP New enrollees must complete enrollment request.	Current enrollees are sent a standard ANOC.

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3	Consolidated Renewal Plan	A PDP sponsor combines two or more PBPs currently offered into a single renewal PBP for the upcoming contract year. The PDP sponsor must designate which of the renewal PBP IDs will be retained after the consolidation.	<p>HPMS Plan Crosswalk Definition: Two or more current plans that merge into one plan for the upcoming contract year. The sponsors retains one of the plan IDs, into which the other(s) are consolidated.</p> <p>HPMS Plan Crosswalk Designation: Consolidated Renewal Plan</p>	The PDP sponsor's designated renewal PBP ID must remain the same so that CMS can consolidate current enrollees into the designated renewal PBP ID. The PDP sponsor does not submit enrollment transactions for current enrollees. Sponsors may need to submit updated 4RX data for enrollees affected by the consolidation.	No enrollment request for current enrollees to remain enrolled in the renewal PBP.	Current enrollees are sent a standard ANOC.

	<b>Activity</b>	<b>Definitions</b>	<b>HPMS Plan Crosswalk</b>	<b>Systems Enrollment Activities</b>	<b>Enrollment Procedures</b>	<b>Beneficiary Notifications</b>
4	Renewal Plan with an SAE (applicable only to employer/ union group waiver plans)	A PDP sponsor intends to continue to offer its current employer-only ( <i>e.g.</i> , 800series) prescription drug PBP in the upcoming contract year and expands its EGWP service area to include additional regions. The PDP sponsor must retain the same PBP ID number in order for all current enrollees to remain in the same PBP for the upcoming contract year.	<p>HPMS Plan Crosswalk Definition: A current 800-series plan that links to an upcoming contract year 800-series plan and retains all of its plan service area, but also adds one or more new regions. The upcoming contract year plan must retain the same plan ID as the current plan.</p> <p>HPMS Plan Crosswalk Designation: Renewal Plan with an SAE</p>	The renewal PBP ID must remain the same so that current enrollees in the current service area will remain in the same PBP ID. The PDP sponsor does not submit enrollment transaction for current enrollees.	No enrollment request required for current enrollees to remain enrolled in the renewal PBP. New enrollees must have completed enrollment request.	Current enrollees are sent a standard ANOC.

	<b>Activity</b>	<b>Definitions</b>	<b>HPMS Plan Crosswalk</b>	<b>Systems Enrollment Activities</b>	<b>Enrollment Procedures</b>	<b>Beneficiary Notifications</b>
5	Terminated Plan (Non-Renewal)	A PDP sponsor terminates the offering of an existing PBP.	<p>HPMS Plan Crosswalk Definition:</p> <p>The existing plan will no longer be offered in the upcoming contract year.</p> <p>HPMS Plan Crosswalk Designation: Terminated Plan</p>	<p>CMS expects the sponsor to crosswalk the affected enrollees into the most comparable plan. The PDP sponsor does not submit disenrollment transactions.</p> <p>If the terminated enrollee elects to enroll in another PBP with the same or another PDP sponsor or MAO, the enrolling PDP sponsor or organization must submit enrollment transactions to enroll the terminated enrollees.</p>	Terminated enrollees must complete an enrollment request if they choose to enroll in another PBP, even a PBP offered by the same PDP sponsor.	Terminated enrollees are sent a CMS model termination notice including SEP information and receive a written description of options for obtaining prescription drug coverage in the service area.

