



MEMORANDUM

DATE: December 9, 2008

TO: MA Organizations Offering Private Fee-For-Service Plans

FROM: Teresa A. DeCaro, RN, M.S. /s/
Acting Director,
Medicare Drug and Health Plan Contract Administration Group

SUBJECT: Correction to the Model Private Fee-For-Service Terms and Conditions of Payment

On September 12, 2008, CMS released a memorandum via HPMS titled "Instructions For Model Private Fee-For-Service Terms and Conditions of Payment". This memorandum provided PFFS plans with a model terms and conditions of payment and instructions for the submission and review of this document. The following sentence was part of the model terms and conditions in Section 5 (Filing a claim for payment): "(Plan Name) will process all non-clean claims and notify providers of the determination within 45 days of receiving such claims." The use of 45 days in this sentence was an error. The revised sentence is "(Plan Name) will process all non-clean claims and notify providers of the determination within 60 days of receiving such claims." Even though the requirement for PFFS plans is to process non-clean claims from deemed providers within 60 days, plans may choose to establish a shorter time frame for processing non-clean claims in order to encourage providers to accept PFFS enrollees.

PFFS plans that want to use the revised sentence above in their terms and conditions must take one of the following actions depending on the status of their terms and conditions:

- A PFFS plan using the model terms and conditions and submitting them to its regional office (RO) account manager for the first time must update the model with the revised sentence before submitting it for a 10-day review.
- A PFFS plan that is awaiting approval of its submitted terms and conditions must resubmit the terms and conditions to the RO account manager using the revised sentence. In order for the resubmitted document to be reviewed within the original review period, the plan cannot make any other changes to its terms and conditions at the time of resubmission.
- A PFFS plan whose terms and conditions have been approved already by the RO account manager must update the document with the revised sentence, but does not have to resubmit it to the account manager for review and approval. However, the plan must provide the account manager with a copy of the updated terms and conditions.

You may direct any questions regarding this matter to your regional office account manager.