



## CENTER FOR DRUG AND HEALTH PLAN CHOICE

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DATE: October 23, 2008

TO: Medicare Advantage Organizations  
Medicare Advantage – Prescription Drug Organizations  
Employer/Union Sponsored Group Health Plans

FROM: Abby L. Block /s/  
Director, Center for Drug and Health Plan Choice

SUBJECT: Medicare Advantage Organizations (MAO)s Considering Furnishing Debit Cards  
Allowing Members to Access Supplemental Over-the-Counter (OTC) Benefits

In recent weeks, some Medicare Advantage Organizations (MAOs) have requested permission from the Centers for Medicare & Medicaid Services (CMS) to issue debit cards to enrollees for the purpose of obtaining plan-covered over-the-counter (OTC) benefits. CMS is aware that at the present time there may not be universally accepted standards in place that are available for Medicare Advantage transactions to limit the debit card to permissible products or to allow the card to be accepted by a broad range of retailers.

We emphasize that plans should only market benefits and plan features, such as a debit card, that meet CMS requirements as summarized below. If a plan has released marketing material regarding a debit card that does not meet CMS requirements, it must issue a correction notice informing beneficiaries that the card will not be available and how the OTC benefits can be received. Plans are obligated to offer an OTC benefit if the OTC benefit was part of the plan's approved bid. If plans cannot meet the requirement for a debit card there are alternative approaches to furnishing approved OTC benefits, such as through a catalogue or direct reimbursement of beneficiaries through sales receipts for covered OTC benefits.

- MA organizations may only use debit cards that are electronically linked to the CMS approved OTC products.
- MA organizations that intend to use a debit card may not have material in the marketplace discussing the use of a debit card for OTC unless the plan has confirmed that the permissible products have been electronically linked to the debit card.
- Debit cards must be usable through a wide range of retailers including major retail stores that furnish OTC items.
- MA organizations may only market debit cards expressly approved by CMS.

If you have any questions, please contact Marty Abeln at (410) 786-1032 or [marty.abeln@cms.hhs.gov](mailto:marty.abeln@cms.hhs.gov).