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MEMORANDUM

DATE: February 12, 2010

TO: All Current and Prospective Medicare Advantage Organizations

FROM: Danielle R. Moon, J.D., M.P.A.
Director, Medicare Drug & Health Plan Contract Administration Group

SUBJECT: Contract Year (CY) 2011 Automated Health Services Delivery (HSD) Review
Exceptions Process

The purpose of this memorandum is to advise Medicare Advantage Organizations (MAOs) submitting initial applications or service area expansion (SAE) applications of appropriate and valid requests for exceptions from reliance on the standardized HSD criteria for individual provider/facility types in individual counties.

CMS will closely review all exception requests to ensure that they are being submitted in good faith and that applicants are not misrepresenting the availability of health care providers or facilities in a particular county. For example, an applicant that requests an exception on the basis that there are too few (or no) providers or facilities of a particular type in or near a requested county should not then submit HSD tables (either initially or during the two additional HPMS upload opportunities) with sufficient numbers of those provider/facility types. The exceptions process may **not** be used as a mechanism for applicants to protect themselves while completing contract negotiations. Such exceptions will not be granted, and could unduly burden and delay CMS' review of valid exception requests for that applicant and for all MAOs.

In addition, applicants may **not** rely on the exceptions process to address those instances in which the CMS system does not recognize the provider address. CMS will be issuing additional guidance on this issue and the general methodology used by our system in assessing HSD data.

Applicants must include the required supporting documentation with the initial submission of each exception request, as part of the application upload, by **February 25, 2010**. Exception requests submitted without the required documentation will not be reviewed and applicants will not be allowed to submit this documentation during subsequent upload opportunities.

Please see the HSD Criteria Exceptions Guidance at <http://www.cms.hhs.gov/MedicareAdvantageApps/> for the allowable bases for exceptions and the documentation required to support these requests.

If you have any questions regard to the HSD Exceptions Process, please contact Helaine Fingold at (410) 786-5014 or helaine.fingold@cms.hhs.gov.