



**MEDICARE DRUG AND HEALTH PLAN CONTRACT ADMINISTRATION GROUP (MCAG)**

DATE: April 26, 2010

TO: All 1876 Cost Contract Plans

FROM: Danielle R. Moon, J.D., M.P.A.  
Director

SUBJECT: Delay in Implementation of the Cost Plan Competition Requirements until 2013

The purpose of this memo is to notify section 1876 cost contract plans of the delay in implementation of the cost plan competition requirements from 2010 to 2013 as a result of the recently enacted Patient Protection and Affordable Care Act of 2010 (PPACA).

In a November 16, 2009 memo, we advised cost contract plans that the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) required, beginning in 2010, that CMS non-renew, for contract year 2011, cost plan service areas or portions of a service area in areas with two or more competing local or regional MA coordinated care plans that meet minimum enrollment requirements.

As a result of the PPACA, cost contract plans operating in the same service area or portion of service areas as two or more local MA plans or two or more regional MA plans that meet minimum enrollment requirements will not be non-renewed this year, as was specified in MIPPA, but may continue to operate. Rather, in accordance with PPACA, CMS will non-renew affected cost contract plans at the end of 2013, based on minimum enrollment data for the entire 2012 contract year. Starting in 2014, affected cost contract plans will not be permitted to offer a plan in a service area or portion of a service area shared with MA plans meeting the requirements described above. We will provide further guidance to affected cost contractors in 2012.