



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Beneficiary Choices
Medicare Advantage Group

7500 Security Boulevard
Baltimore, Maryland 21244

DATE: April 24, 2006

TO: Medicare Advantage, Medicare Advantage-Prescription Drug
Organizations
Demonstrations
Section 1876 Cost-Based Contractors

FROM: David A. Lewis, Acting Director, Medicare Advantage Group
Center for Beneficiary Choices

SUBJECT: Mid-Year Benefit Enhancements for Contract Year 2006

In the final Medicare Advantage (MA) rule published on January 28, 2005 (FR 70 4640), we discussed our mid-year benefit enhancement (MYBE) policy. We said that due to the constraints of the annual bidding process we were unable to continue the MYBE process that we had in years prior to 2006. We explained that we were developing a new MYBE process that would permit beneficiaries to receive the advantage of mid-year enhancements of non-drug benefits, while at the same time protecting the integrity of the annual bidding process by reducing the incentive to overbid in June.

Please find attached a memorandum that provides more detail on the process that MA organizations will follow when submitting MYBE requests for 2006 calendar year MA plans. Note that the process is designed to allow MA organizations to return unexpected gains (profits) to MA plan enrollees. MYBEs cannot be used to reposition an MA plan in a market.

If you have any questions about this guidance, please e-mail or call Mark Keller at Mark.Keller@cms.hhs.gov, or (410) 786-0107.

