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**MEMORANDUM**

**TO:** Current and Applicant Medicare Advantage Organizations, Medicare Cost-based Plans and Health Plan Demonstrations, Prescription Drug Plans and other interested parties

**FROM:** Cynthia Tudor, Ph.D., Director, Medicare Drug Benefit Group  
David A. Lewis, Director, Medicare Advantage Group

**SUBJECT:** Issuance of Final 2008 Model Annual Notices of Change (ANOC)

**DATE:** July 25, 2007

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On June 13, 2007, we released for comment a draft of the 2008 combined model Annual Notice of Change (ANOC) and Evidence of Coverage (EOC) for HMOs, PPOs, PFFS plans, MSAs, Medicare cost plans, and Prescription Drug Plans. In that memorandum, we outlined two options for using the model ANOC and EOC – one allowing for use of a combined ANOC/EOC document, and a second allowing for the issuance of stand-alone ANOC and EOC documents.

With this memorandum, we are issuing the final ANOC models specific to each plan type (MA only, MA-PD, Cost Plan, and PDP). CMS appreciates all the public comments received in response to the draft combined model ANOC/EOC. We carefully considered the 1,504 comments received and made a number of clarifications to balance different view points from various stakeholders. Attached is a summary of the changes made to the model ANOCs from draft to final (see Attachment 1).

We intend to finalize the model EOCs shortly. At that time, we will also release a final combined ANOC/EOC model as well as models specific to each type. However, in the interest of time, we want to ensure that plans have available the final ANOC models so that they can begin the marketing materials review process at CMS Regional Offices (ROs). Please note that to accommodate the separate issuance of the model EOC and ANOC components, we are revising the timelines for submission of the ANOC and EOC vis-à-vis the timelines contained in our June 13, 2007 memorandum (see Attachment 2).

Even though we have not yet released the model EOCs, we remind plans that they will have two options for contract year 2008 for using the model ANOC and EOC as described below. Please note that regardless of whether organizations sponsoring MA-

PD plans or PDPs elect Option 1 or Option 2, they must mail LIS riders and an abridged or comprehensive formulary so that current enrollees receive them by October 31, 2007.

### **Option 1 – Use of Combined ANOC/EOC (New Process)**

CMS developed a new option for use of the ANOC and EOC, which is voluntary for contract year 2008 but may become mandatory for future contract years. The new option allows plans to send to all existing members prior to the annual election period an EOC that incorporates the ANOC. Thus, instead of receiving an EOC by January 31, as in previous years, members will receive it by October 31. This will allow existing enrollees to receive comprehensive information about their existing plan prior to the annual election period. It will also save the plan an extra mailing to existing members. If plans choose this option, a summary of benefits (SB) will only be needed as a pre-enrollment marketing tool for prospective enrollees.

Plans using this option will send the EOC to new 2008 enrollees on a monthly basis as provided in the Medicare Marketing Guidelines. Plans have the option of leaving the ANOC information in the EOC for ongoing use with new enrollment, or plans may remove it without further CMS review and approval. Plans electing this option may not modify language unless the instructions for the plan type allow for modification or elimination.

Plans must use the expedited marketing material review process (as described in our August 4, 2006 HPMS memo) when using this option, with some modifications. Plans must submit the ANOC portion of the standardized combined ANOC/EOC to the Regional Office (RO) by August 13, 2007 with benefit/cost sharing place holder information. Plans will be required to submit the EOC portion of the standardized combined ANOC/EOC to the RO by a date to be announced by CMS shortly. CMS will provide designated category codes to upload the ANOC and EOC portions of the combined document in the HPMS marketing module. The RO will review and approve the template. Once the bid is approved, the plan must update benefit/cost sharing information consistent with the final approved bid(s). After updating this information, the plan can print and mail without further RO review.

### **Option 2 – Stand Alone ANOC and EOC**

Plans not choosing Option 1 should handle the ANOC and EOC similarly to previous contract years. Plans must mail the ANOC along with the Summary of Benefits (SB) so beneficiaries receive them by October 31, 2007. The ANOC and EOC may be used as models for a 10-day Regional Office review or non-model for a 45-day Regional Office review. Plans that use the model may only make changes to bracketed text or by following the instructions in brackets or preceded by “Note:”

Plans choosing Option 2 must mail the EOC to beneficiaries by January 31, 2008. Beginning in CY 2009, plans will have to send their EOC (in combination with the

ANOC) by October 31 in order to provide existing members with comprehensive information prior to the annual election period.

Thank you for all your help in ensuring the success of the Part C and D programs.

**Attachment 1**  
**SUMMARY OF CHANGES TO THE ANOC MODEL**

Part D Changes:

- Clarified that an enrollee can request an exception for a non-formulary drug even where there are therapeutic equivalents on the formulary.
- Clarified that an enrollee must switch to a therapeutic equivalent or request an exception prior to running out of the temporary supply provided by the plan in the case of a formulary change from one contract year to another.
- Clarified language regarding possible premium changes if an LIS eligible enrollee chooses to remain in a plan that is no longer below the benchmark.

MA Changes:

- Clarified when a beneficiary can enroll from one Medicare plan to another during AEP. Included language specifying other time periods a beneficiary may enroll in another plan if they meet special exceptions, such as Medicaid coverage or a move out of the service area.
- Clarified the section for cost plans that do not offer prescription drug coverage.
- Clarified options for sending the Summary of Benefits and EOC. The language was bracketed for plans that use the combined or stand-alone process.
- Added language for SNPs with zero premium.
- Added insert for SNPs to describe enrollment effect if Medicaid eligibility status changes during the year.

## Attachment 2 ANOC/EOC Timeline

DATE	ACTION
August 13, 2007	<ul style="list-style-type: none"> <li>MA, MA-PD and PDP organizations submit ANOC portion of the combined standardized ANOC/EOC or stand-alone, non-model ANOC to CMS RO for review.</li> </ul>
DATE TBD	<ul style="list-style-type: none"> <li>MA, MA-PD and PDP organizations submit EOC portion of the combined standardized ANOCEOC to CMS RO for review.</li> </ul>
October 1, 2007	<ul style="list-style-type: none"> <li>1876 Cost Plans and Cost Plans offering part D must submit final combined ANOC/EOC and stand alone ANOC to CMS RO for review.</li> </ul>
October 31, 2007	<ul style="list-style-type: none"> <li>Beneficiaries must receive the combined standardized ANOC/EOC or the stand-alone ANOC and SB depending on which option from above is followed.</li> <li>All MA-PDs and PDPs must mail their LIS riders and abridged or comprehensive formularies before this date to ensure receipt by member by October 31.</li> </ul>
November 1, 2007	<ul style="list-style-type: none"> <li>MA, MA-PD, Cost Plans and PDPs submit stand-alone non-model EOC to CMS RO for review.</li> </ul>
November 6, 2007	<ul style="list-style-type: none"> <li>Final date for Cost Plans to send the stand alone non-model ANOC to CMS RO for review.</li> </ul>
December 1, 2007	<ul style="list-style-type: none"> <li>Cost plans must mail the stand alone ANOC with SB before this date to ensure receipt by members by December 1.</li> <li>Cost plans offering Part D must mail their LIS riders and abridged or comprehensive formularies before this date to ensure receipt by members by December 1.</li> </ul>
December 3, 2007	<ul style="list-style-type: none"> <li>MA, MA-PD, Cost Plans and PDPs submit stand-alone model EOC to CMS RO for review.</li> </ul>
January 31, 2007	<ul style="list-style-type: none"> <li>MA, MA-PD, Cost Plans and PDP must mail stand alone EOCs to all members enrolled as of January 1, 2008.</li> </ul>