



MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

DATE: April 25, 2012

TO: Medicare Advantage Organizations and Employer/Union-Sponsored Group Health Plans

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

SUBJECT: Issuance of Update to Chapter 4 of the Medicare Managed Care Manual

Accompanying this memorandum is an updated draft of Chapter 4 of the Medicare Managed Care Manual, “Benefits and Beneficiary Protections.” We are releasing this draft document to obtain public comment, which we will consider carefully before finalizing Chapter 4 next month.

This proposed update to Chapter 4 includes new guidance for MA organizations and MA employer/union-sponsored group health plans effective contract year 2013. Please note that when we release this chapter in its final form, it will include new guidance from the Contract Year 2013 Rate Announcement and Final Call Letter, issued on April 1, 2012, as well as new regulatory requirements finalized in the Contract Year Parts C and D final rule (77 FR 22072 – 22175) issued on April 12, 2012.

In addition to the substantive clarifications and updates described below, please note that we have restructured certain sections of Chapter 4 in an effort to streamline the chapter and make it easier to read and use. Specifically, the chapter has been restructured as follows:

- We have separated the chapter into two parts: Part I addresses issues particularly relevant to PBP submissions. Part II addresses beneficiary protections and non-PBP issues.
- We have removed duplicative provisions and information.
- We have reduced use of examples so that they are only included where necessary to provide context.
- The chapter now contains a consolidated supplemental benefits list (Section 30.3) instead of a benefits table. The benefits list includes all supplemental benefits, e.g., Point of Service (POS), visitor/travel and worldwide coverage, which we previously discussed in different sections.
- We consolidated details regarding cost-sharing in one single section, Section 50.

We propose new guidance and/or clarifications in the following areas:

- **Hospice (Section 10.5)**: We describe the rules for payments of benefits for an enrollee who has elected hospice status.
- **Urgently Needed Services (Section 20.2)**: We have updated the definition of urgently needed services consistent with current industry practice that accommodates urgently needed services in-network.
- **Benefits List (Section 30.3)**: We present this section in narrative instead of table format and provide guidance regarding a number of new benefit categories.
- **Cost Sharing (Section 50)**: We provide new guidance for cost-sharing (see Section 50.1) as well as in-network preventive services (Section 50.2).
- **Value Added Items and Services (VAIS) (Section 80)**: We add details regarding what constitutes an acceptable VAIS. Specifically, we address the situation in which a plan contracts with a provider or insurer and collects payments on behalf of its enrollees for the provider or insurer.
- **National Coverage Determinations (NCD) (Sections 90.3, 90.4, 90.6)**: We clarify plan obligations for provision of services when a new NCD is released. We have also updated the list of CMS resources available to plans regarding NCD guidance.
- **Access, Availability and Continuity of Care (Sections 110.1, 110.3)**: We provide updates to the language describing a plan's obligation to provide access, availability, and continuity of care.
- **Mixed In-Network and Out-of-Network Services (Section 190.1)**: We provide guidance regarding situations in which a plan contracts with an in-network provider who uses a central (out-of-network) location for diagnosis.

Please note that we have redlined phrases, paragraphs and sections that present new or modified guidance. Additionally, we are providing a spreadsheet, titled TOC.xls, which presents a crosswalk of sections from the current chapter 4 to the proposed draft. The current chapter 4, may be accessed at: <http://www.cms.hhs.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/mc86c04.pdf>. We hope that this information will facilitate your review of the updated draft chapter.

We thank you in advance for your careful review and comments on this draft revision of Chapter 4. We ask that you submit your comments electronically using the attached comment form to Russell.Hendel@cms.hhs.gov by May 9, 2012. You may also access this document at <http://www.cms.gov/Medicare/Health-Plans/HealthPlansGenInfo/index.html>.