



MEDICARE ENROLLMENT & APPEALS GROUP

DATE: October 12, 2012

TO: Cost Plan Organizations

FROM: Arrah Tabe-Bedward, Acting Director
Medicare Enrollment & Appeals Group

SUBJECT: Employer Group Enrollment Mechanisms for §1876 Cost Plans

This memorandum expands on the procedural requirements associated with the regulations set forth at 42 CFR §417.430(a)(1) such that, as of the date of this memorandum, §1876 cost plans may use an employer group enrollment request mechanism, as described in this guidance, in addition to accepting enrollments via the paper, telephonic, and internet formats. Cost plans that choose to implement this mechanism must do so in accordance with all of the requirements in the CMS enrollment and marketing guidance for cost plans. Further, this enrollment mechanism must capture all the data required for the cost plan to submit a complete enrollment request to CMS as per §40.1 and Exhibit 1 of Chapter 17-D of the Medicare Managed Care Manual (Medicare Cost Plan Enrollment & Disenrollment Instructions).

The policy defining the use of the group enrollment mechanism by cost plans is detailed below. CMS will also include this language in section 40.1.6 of the upcoming update of the cost plan enrollment manual chapter.

Group Enrollment Request Mechanism for Employer/Union Sponsored Coverage

Cost plans may choose to accept voluntary enrollment requests directly from the employer/union that sponsors cost plan coverage for its members in any of the enrollment mechanisms described in Chapter 17-D of the Medicare Managed Care Manual (except auto or facilitated enrollment).

It is the cost plan's responsibility to ensure that all applicable enrollment requirements are met as required by CMS. The enrollment requests provided to the cost plan by the employer or union will reflect the choice of retiree coverage individuals made using their employer/union's process for selecting a health plan. For enrollments processed using an employer/union sponsored mechanism, the application date on the enrollment transaction submitted to CMS is the first day of the month prior to the effective date of enrollment into the employer/union group-sponsored cost plan. For the purpose of providing notices and meeting other timeframe requirements provided in this guidance, use the date the cost plan received the request.

Beneficiaries participate in the group enrollment mechanism process through advance notification that provides each individual with all the information necessary to make an informed choice. Furthermore, the process must provide CMS with any information the employer/union has on other insurance coverage for the purposes of coordination of benefits. It is the cost plan's responsibility to ensure the group enrollment process meets all applicable cost plan enrollment

requirements. **Cost plans must ensure that any contracts and other arrangements and agreements with employers/unions intending to use the group enrollment process make these requirements clear.**

The group enrollment process **must** provide the following information to each beneficiary:

- Beneficiaries participate in the group enrollment mechanism by receiving an advance notice that the employer/union intends to enroll them for a prospective coverage effective date in a cost plan that the employer/union is sponsoring;
- Clear instruction that the beneficiary may opt out of such enrollment, explaining the process to opt-out, and any consequences to employer/union benefits opting out would bring;
- This notice must be provided by the cost plan, or the employer/union acting on its behalf (as specified in the contract the cost plan has with the employer/union), not less than 21 calendar days prior to the effective date of the beneficiary's enrollment in the employer/union sponsored cost plan;
- The information provided to each beneficiary must include a Summary of Benefits offered under the employer/union sponsored cost plan, as well as an explanation of how to get more information about the cost plan, and an explanation on how to contact Medicare for information on other Medicare health plan options that might be available to the beneficiary; and
- Each individual must also receive in the group enrollment notice materials the enrollment agreement and release of information contained in Exhibit 1 under the heading "Please Read & Sign Below."

The cost plan must ensure all of the requirements above are met prior to submission of the enrollment transactions to CMS. To reiterate, for enrollments processed using a group enrollment mechanism, the application date on the enrollment transaction submitted to CMS is the first day of the month prior to the effective date of the group enrollment. This will ensure that any subsequent beneficiary-generated enrollment request will supersede the group enrollment in CMS systems.

The employer/union must provide in the group enrollment file(s) all the information required for the cost plan to submit a complete enrollment request transaction to CMS, including permanent residence information. Records must be maintained as outlined in §60.4 of the cost plan enrollment guidance.

A cost plan that chooses to use this mechanism must still offer a paper enrollment form process (as described in the cost plan enrollment manual and approved through the CMS marketing material review process described in the CMS Marketing Guidelines).

For Assistance

For more information regarding these changes to the cost plan enrollment manual, please contact Jim Canavan at (410) 786-5322 or James.Canavan@cms.hhs.gov.