



MEDICARE DRUG AND HEALTH PLAN CONTRACT ADMINISTRATION GROUP

MEMORANDUM

DATE: October 20, 2009

TO: All Medicare Advantage Organizations, Part D Sponsors, and 1876 Cost Contractors

FROM: Teresa DeCaro, RN, M. S., Acting Director
Medicare Drug and Health Plan Contract Administration Group

SUBJECT: Timely and Accurate Submission of the Standardized Combined Annual Notice of Change/Evidence of Coverage (ANOC/EOC)

The purpose of this memorandum is to reiterate the importance of the timely and accurate submission of ANOC/EOCs. As provided in 42 CFR 422.411(a) and (b) and 423.128(a) and (b), Medicare Advantage Organizations (MAO) and Part D sponsors must disclose certain information, including descriptions of benefits, to both current and new enrollees. This information must be provided in a clear, accurate, and standardized form at the time of a beneficiary's enrollment in a plan and annually thereafter. CMS provides standardized Annual Notice of Change/Evidence of Coverage (ANOC/EOC) documents for organizations, sponsors, and cost plans to use in providing benefits information for the upcoming contract year, as well as notice of changes in benefits from one contract year to the next. We allow these standardized documents to be submitted as file and use. Enrollees must receive this document by October 31, 2009.

As you prepare for CY 2010, we expect organizations and sponsors to clearly communicate the requirements of timeliness and accuracy to the contractors and staff responsible for producing the ANOC/EOC, since the organizations and sponsors bear the full responsibility of compliance. CMS is engaged in a variety of activities to monitor plans' compliance with our ANOC/EOC requirements to ensure that not only are the documents received timely by enrollees, but that the documents are accurate.

To assist plans, CMS has prepared a readiness checklist which we are sharing with organizations and sponsors. This checklist will help ensure compliance with our various requirements regarding the timeliness and content of the ANOC/EOC documents. We remind organizations and sponsors that the 2010 standardized model documents are located at <http://www.cms.hhs.gov/managedcaremarketing/>.

In recent years, we have identified a number of problems with organizations' and sponsors' compliance with our ANOC/EOC requirements. Not only were there issues with regard to the timeliness of ANOC/EOC mailings to current enrollees, but there were also inaccuracies in some of the mailings.

CMS considers ANOC/EOCs critical for beneficiaries to understand their coverage and how that coverage changes from year to year. Failure to provide accurate documents in a timely manner is a contractual and regulatory violation, which either adversely affects or has the potential likelihood of adversely affecting enrollees. CMS has determined that any organization that fails to provide accurate documents timely may be carrying out its contract with CMS in a manner that is inconsistent with the effective and efficient implementation of CMS' regulations and may constitute grounds for imposition of civil money penalties. Consistent with our updated authority in subpart O to impose civil money penalties on a per beneficiary basis of up to \$25,000, as well as the importance we place on these documents, organizations and sponsors that CMS determines fail to meet these requirements for the 2010 contract year may be subject to penalties that are significantly higher than those imposed in past years for these serious compliance failures.