

## COST PLAN POLICY ISSUE

03-012

**QUESTION:** The correspondence dated Nov. 22, 2002 (Subject: Effective date of Cost Plan Enrollment – New Policy Option) gives Cost plans the option to mirror M+C effective date rules. As such, please clarify whether a cost plan that chooses to follow the M+C effective date rules must accept applications during the M+C annual election period (Nov. 15-Dec. 31). This period is more than the 30-day requirement for Cost plans to be open.

**ANSWER:**

CMS does **not** require cost plans to be open for enrollment during the period of Nov. 15-Dec. 31 each year. Cost plans do not have to follow M+C election period requirements, such as the Annual Election Period (AEP). Please refer to the Medicare Managed Care Manual, Chapter 17, Subchapter D, Section 30.2 for more information.

A Medicare cost plan may choose between the following two Enrollment Effective date options:

### Cost Plan Enrollment Effective Date Option 1

A Medicare beneficiary's enrollment begins on the first day of the month in which his or her membership in the cost plan is effective, as shown on CMS records. The effective month of coverage may not be earlier than the first month after, or later than the third month after, the month in which the enrollment information is correctly submitted to and received by CMS. CMS may approve a later effective date if requested by the plan and the beneficiary.

Enrollment cannot be effective prior to the date entitlement to Medicare Part A and Part B, or Part B only begins.

#### Enrollment Effective Date Example:

The CMS monthly cut-off date for the submission of records is August 14, 2002. A cost plan enrollment application form that is received on August 12, 2002 could have an effective date of enrollment of September 1<sup>st</sup>, October 1<sup>st</sup> or November 1<sup>st</sup>, 2002.

If the same cost plan enrollment application form was received on August 15<sup>th</sup>, 2002, (i.e.; after the cut-off date for the submission of records) it could have an effective date of enrollment of October 1<sup>st</sup>, November 1<sup>st</sup> or December 1<sup>st</sup>, 2002.)

### Cost Plan Enrollment Effective Date Option 2

Cost plans who choose this option will follow the following rules:

1. **First of the Next Month:** Enrollments will be effective the first day of the month after the month the cost plan receives an enrollment form. The cost plan must be open to accept such enrollments.

2. **November 15th through December 31st of every year:** Enrollments received during this time period will be effective January 1 of the following year (except as noted below).

(Note: If a plan's 30 day open enrollment period is the month of November, then applications received from November 1<sup>st</sup> through November 14<sup>th</sup> will be effective on December 1. Enrollments made between November 15<sup>th</sup> and November 30<sup>th</sup> may be effective December 1<sup>st</sup> or January 1<sup>st</sup>. The cost plan must allow the individual to choose the effective date. If no choice is made, January 1<sup>st</sup> will be the effective date.)

**3. Enrollment Prior to entitlement:** Individuals may enroll in a cost plan during the three months immediately before the individual's entitlement to Medicare Part A and/or Part B. The enrollment will be effective the first day of the month of entitlement to Medicare Part A and/or Part B. If the plan is closed for enrollment this does not apply.

**Employer group members only:** Cost plans that have contracted with an employer group may offer beneficiaries enrolling through an employer group effective dates of up to three months after the month in which the cost plan receives the enrollment form. However, the effective date may NOT be earlier than the date the cost plan receives the enrollment form; retroactive transactions are not allowed. If the plan is closed for enrollment this does not apply.

CMS will assume the organization will follow Cost Plan Enrollment Effective Date Option 1 unless the organization notifies (or has notified) the appropriate CMS Regional Office and includes this change in the policies and procedures provided to CMS.