

**DRAFT**  
**MEDICARE ADVANTAGE**  
**INITIAL CONTRACT APPLICATION**

**For**  
**MEDICAL SAVINGS ACCOUNT**  
**(MSA)**  
**PLANS**

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
**Centers for Medicare and Medicaid Services (CMS)**  
**Center for Beneficiary Choices (CBC)**  
**Medicare Advantage Group (MAG)**

**2007**

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**MEDICARE ADVANTAGE  
MEDICARE SAVINGS ACCOUNT PLAN CONTRACT APPLICATION**

H# (if available) _____ NAME OF LEGAL ENTITY  TRADE NAME (if different)	MAILING ADDRESS  ORGANIZATION WEB ADDRESS:
CEO OR EXECUTIVE DIRECTOR NAME AND TITLE  TELEPHONE NUMBER  FAX NUMBER  EMAIL ADDRESS	MAILING ADDRESS
BOARD CHAIRMAN - NAME AND ADDRESS	FEDERAL TAX STATUS  For profit____ Not for profit____
CONTACT PERSON FOR THIS APPLICATION: NAME AND TITLE  TELEPHONE NUMBER FAX NUMBER E-MAIL ADDRESS	MAILING ADDRESS
I certify that all information and statements made in this application are true, complete, and current to the best of my knowledge and belief and are made in good faith.	
Signature, CEO/ Executive Director	Date
Signature, Board Chairman	Date

## **NARRATIVE PART TABLE OF CONTENTS**

The table of contents for the completed application is placed after the cover sheet.

For computerized application users: Each chapter and subsection title within the Narrative part is marked for automatic generation of the table of contents on this page. That table appears below with page numbering that reflects a "blank" application. The numbers will change when you generate the table again for the completed application. Please follow the directions in the Technical Instructions to generate the table for the Narrative Part. Note that the table of contents for the Documents Part is not generated automatically, and is to be manually filled in after the table for the Narrative.

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## GENERAL INFORMATION

### I. SUMMARY DESCRIPTION

A. Briefly describe the organization in terms of its history and its present operations. Cite significant aspects of its current financial, marketing, general management, and health services delivery activities. (Do not include information requested in the Legal Entity section.) Please include the following:

1. A summary of recent financial performance including current operating experience and trends.
2. The extent of the current Medicare population served by the applicant, if any, and in what programs the Medicare beneficiaries are enrolled.
3. A statement as to whether the applicant currently operates a commercial Medical Savings Account (MSA)/Health Savings Account (HSA) plan and the number of enrollees. Also provide a description of the commercial HSA/MSA Plan
4. The total enrollment in each health care product offered by the organization in any geographic area requested for an MSA Plan.

### B. Medicare Contract Information

Please complete and submit the appropriate CMS forms located at <http://www.cms.hhs.gov/healthplans/systems/cmsaccess.asp>. Specifically, the following refers to the location of the individual forms:

The Medicare Application for Access to CMS Computer Systems is located at <http://www.cms.hhs.gov/mdcn/access.pdf> (for HPMS access and, if needed, additional system access requests). Sign pages, as indicated.

**Note: Submit a separate HPMS request. Submit requests for access to other systems on a separate form. HPMS access is needed in the early stages of the application process to enable the applicant to input application information into the HPMS application module. Combining the HPMS request with other system access requests will delay the HPMS access approval (access to other systems will be needed after application approval).**

The Payment Information form is located at <http://www.cms.hhs.gov/healthplans/systems/cmsaccess.asp>. The document contains organization, financial institution information, and Medicare contractor data. Sign pages, as indicated.

The Plan Authorization form is located at <http://www.cms.hhs.gov/healthplans/systems/planauthfrm.pdf>. Sign pages, as indicated.

Place the signed forms in the Documents Section. Include the completed forms in both the electronic and hard copies of the application.

II. LIST OF BOARD OF DIRECTORS

<u>Name</u>	<u>Title</u>	<u>Representation</u> (e.g., consumer, management, provider)
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III. KEY MANAGEMENT STAFF - 422.501(b), 422.503

A. On the following chart, indicate the individuals responsible for the organization's key management functions.

Staff Function	Name	Title	Employed By
CEO/President			
Medical Director			
Utilization Management			
CFO			
Marketing			
Government Relations			
Management Information Systems			

B. In the Documents part, provide brief position descriptions, which describe how each position above will relate to the functions and management of an MA MSA Plan.

IV. GEOGRAPHIC AREA - 422.502(f)(2)(iii)

Complete this section if you plan to limit enrollment to residents of a specific geographic area, or are licensed by a state for a specific area and may enroll only from that area.

For your expected Medicare enrollment area, clearly describe the requested area in terms of geographic subdivisions such as states, counties, cities or townships. If not a full

county, the zip codes for the requested geographic area must be provided. (Manual Chapter 4) Place maps in the Documents part of the application.

## ORGANIZATIONAL AND CONTRACTUAL

### I. LEGAL ENTITY - 422.2, 422.4

- A. If the organization does business as (d.b.a.) a name or names different from the name shown on its Articles of Incorporation, provide such name(s) and include a copy of state approval for the d.b.a.(s) in the Documents part. Provide the name the organization will use to market its Medicare product.
- B. In chronological order for the last five years, describe the legal history of the entity including predecessor corporations or organizations, mergers, reorganizations and changes of ownership. Be specific as to dates and parties involved.

Describe the type of legal entity of the applicant and whether it is a subsidiary of another corporation. Include in the Documents part a copy of the Articles of Incorporation, bylaws and other legal entity documentation, such as a Partnership Agreement.

If the organization is a line of business, briefly describe the company's (legal entity) other lines. If the applicant is the legal entity and operates other lines of business, briefly describe these operations.

- C. State whether the applicant meets Internal Revenue Service requirements (as a bank, insurance company or other entity as set out in Treas. Reg. Secs. 1.408-2(e)(2) through (e)(5)) and will serve as MA MSA trustee or custodian for receiving Medicare deposits to MSA plan enrollee accounts. State the name of the trustee or custodian line of business. Also, note whether the applicant has or will have a contractual relationship with outside trustees or custodians.

### II. STATE AUTHORITY TO OPERATE - 422.400, 422.503

- A. Use the State License table to give information about the jurisdictions in which the organization anticipates Medicare enrollment. Indicate on the table whether the applicant holds a state license, and, if so, the type of license. Also mention whether the state regulates Medicare activities. Give the amount of any state restricted reserve that the state requires in the event of insolvency. Also list names, addresses, and telephone numbers of appropriate state regulatory officials who have authority over the organization.

Complete the table cert.doc electronically and place the hard copy in the Documents part.

- B. If the organization is located in jurisdictions that do not require a license or certificate, describe the legal environment for the organization to operate the MA MSA Plan.

### III. ORGANIZATION CHARTS - 422.503

Provide two separate charts at the end of this chapter, as follows:

- A. The organization itself: Show detailed lines of authority, including the relationships among the Board of Directors, the Chief Executive Officer, the Chief Financial Officer, the Administrator of the organization, etc., and any departments that will be involved with the MA MSA Plan, including the medical/health services delivery component, if the organization has one. Include titles and names of incumbents. If the organization is a line of business of a corporation, show its relationship to the corporate structure.
- B. Contractual Relationships: If applicable, indicate current contractual relationships between the organization and contractors for health services, administrative, management, and marketing services.

### IV. CONTRACTS FOR MANAGEMENT SERVICES - 422.504

- A. Indicate the categories of services obtained through contractual arrangements and the status of the contract(s) in the management services table.

Management Services	Contractor	Contract Effective Date	Contract End or Auto Renewal
Marketing			
Claims Processing			
Data Processing			
Management Services			
Administrative Services			
Other			

- B. Include a copy of each contract in Documents part. Specify whether any are specific to Medicare.



## V. BUSINESS INTEGRITY

- A. Give a brief explanation and status of each current and legal actions for the past three years, if applicable, against the applicant.
- B. Applicant and its affiliated companies, subsidiaries or subcontractors, subcontractor staff, any member of its board of directors, any key management or executive staff, or any major shareholder of 5 percent or more) agree that they are bound by 42 CFR Part 76 and attest that they are not excluded by the Department of Health and Human Services Office of the Inspector General or by the General Services Administration.
- C. List any past or pending, if known, investigations, legal actions, or matters subject to arbitration brought involving the Applicant (and Applicant's parent firm if applicable) and its subcontractors, including any key management or executive staff, or any major shareholders (5 percent or more), by a government agency (state or federal) over the past three years on matters relating to payments from governmental entities, both federal and state, for healthcare and/or prescription drug services. Provide a brief explanation of each action, including the following:
  - 1. legal names of the parties;
  - 2. circumstances;
  - 3. status (pending or closed); and
  - 4. if closed, provide the details concerning resolution and any monetary payments, or settlement agreements or corporate integrity agreement.
- D. Applicant organization will be required to provide financial and organizational conflict of interest reports to CMS, pursuant to instructions to be issued by CMS.

### ON SITE DOCUMENTATION

Organizations should have the following available for inspection if CMS determines a site visit is necessary:

- A. Legal entity documentation
- B. State license
- C. Evidence of marketing licenses or approvals
- D. Board and committee meeting minutes
- E. Policy and procedures manuals

## HEALTH SERVICES DELIVERY

### I. ARRANGEMENTS FOR HEALTH CARE SERVICES - 422.112

A. Describe how the organization will assure that services will be provided through institutions, entities, and persons who have qualified under the appropriate requirements of Title XVIII.

### II. MEDICARE HEALTH BENEFITS - 422.111, 422.103

A. Describe the optional benefits, which will be offered above the basic Medicare (A/B) benefits. Address each of the following items:

1. cost sharing provisions,
2. enrollee premium amount and billing method,
3. allowable medical expenses and rate of those expenses which will be applied toward meeting the deductible,
4. payment arrangements for all providers of health benefits after the deductible is met, e.g., note whether providers will be paid more than the Medicare allowable amount, thereby reducing the enrollee's liability under balance billing

#### B. Medicare Materials

Marketing materials do not have to be submitted with the application or approved prior to the contract being awarded. However, before a MA Organizations can market or advertise their Medicare products the MAOs must be in compliant with the statutory requirements for approval of marketing materials and election forms as outlined in Section 1851 of the Social Security Act, Section 422.80 of the CFR and Chapter 3 of the Medicare Managed Care Manual.

Subscriber agreement/Evidence of coverage

1. Member handbook
2. Enrollment and disenrollment notices
3. Claims payment/denial notices, including those used by delegated providers
4. Correspondence relating to grievances/appeals
5. Authorization/referral forms

Draft copies or mark-ups should be submitted because CMS review and approval are required before use.

C. Member Grievance Procedure - 422.564. Explain the member grievance procedure that will be available to Medicare MSA Plan enrollees.

D. Medicare Reconsideration Appeals-Hearings - 422.582-422.616. Explain the Medicare reconsideration and appeals procedures, including when these

procedures will be applied in place of the member grievance procedure. Provide a copy of these procedures in the Documents part.

- E. Patient Self-Determination Amendments - 422.128. Explain the organization's process of providing information regarding advance directives at the time of a member's enrollment. Provide forms in the Documents part.
- F. Emergency And Urgently Needed Care - 422.111(b)(5). Explain how the organization assures that emergency and urgently needed health services are provided and what procedures are members instructed to follow to secure services. Describe the organization's procedures for processing and paying claims for services provided to Medicare members for out-of-plan emergency and out-of-area urgently needed care.

#### ON-SITE DOCUMENTATION

Have the following available for inspection at a site visit:

1. Encounter forms
2. Policy manual of procedures for health professionals
3. Evidence that institutional providers and other entities providing ancillary services are certified under Title XVIII of the Social Security Act
4. Authorization and referral forms for commercial and Medicare, if different

## MEDICARE MARKETING

### I. MARKETING STRATEGY - 422.80

- A. Describe briefly the marketing strategy for Medicare including:
1. Overall marketing approach in the marketplace including communication materials and how materials will be developed and used to market the program
  2. Sales approach and channels that will be used to enroll (e.g. Internet, advertising strategy and promotion programs)
  3. Intent to follow Medicare Marketing guidelines
  4. Systems for managing inquires and servicing members
  5. Marketing staffing (include, if applicable, any information on state jurisdiction over required staff licensure, certification, registration and/or compensation)
  6. Marketing budget
  7. Allocation of resources and efforts to accommodate and market to disabled and socially disadvantaged beneficiaries
  8. Marketing representative oversight and training on CMS Medicare Guidelines
  9. Plans for community education/outreach and public relations
- B. Provide a general narrative describing the compensation of and bonus structures in place for sales representatives
- C. Submit policies and procedures for informing staff on changes in provider and pharmacy networks
- D. Provide draft copies of promotional materials, if available, which will be used to sell the MA MSA plan. All future marketing material must be approved by CMS prior to its use.
- E. Provide the MSA plan Internet website address that makes basic MA plan information and materials available to interested Medicare beneficiaries and other parties  
(Note that providing this information on the website would not remove the requirement that these materials be made available to beneficiaries in print format.)

### II. ENROLLMENT AND DISENROLLMENT - 422.56, 422.62(d)

- A. By product lines, describe your enrollment history for the last 3 years.
1. Enrollment and Disenrollment Processes:
    - a. Describe how the applicant will enroll Medicare beneficiaries in accordance with CMS requirements. Include the date the MA organization expects to begin enrolling Medicare members.
    - b. Describe the MA organization's process for receiving and processing enrollments and disenrollments, including beneficiary notification. Include a flow chart that shows each stage of the process for your MA organization, including the responsible entity.
    - c. Describe how you will ensure that individuals elect your MSA plan only during their Initial Coverage Election Period (ICEP), Special

Enrollment Period or during the Annual Coordinated Election Period (AEP).

- d. Describe how you will ensure that individuals enrolled in health benefit plans in FEHBP, VA or DOD are not able to enroll in your MSA plan.
- e. Describe how you will ensure that individuals who elect hospice are not able to enroll in your MSA plan.
- f. Describe how you will obtain assurances from the enrollee that he or she will reside in the United States for at least 183 days during the year for which election is effective.
- g. Does your MA organization currently offer a Medicare “wrap around” or supplement? If so, how will the MA organization ensure that there is no health screening of members transferring from a wrap around product to Medicare Advantage product?

- B. Indicate what the monthly MSA premium amount (which is the amount the plan requires to offer original Medicare benefits, analogous to a plan basic bid) will be and also the amount of the deductible and the beneficiary supplemental premium (MSAs are prohibited from offering Part D coverage), if any, will be.

## II. MEMBERSHIP

- A. Describe the systems, policies and procedures for identifying and reporting Medicare working aged enrollees.
- B. Describe your process for receiving and acting upon membership notifications from CMS.
- C. Is the applicant submitting an enrollment capacity for the plan? If applicable, describe your process for maintaining a waiting list for applicants.

## ON SITE DOCUMENTATION

Have the following available for inspection at a site visit:

1. Any underwriting procedures used to determine whether a particular Medicare beneficiary will be enrolled
2. Marketing budget

FINANCIAL  
(See Medicare Managed Care Manual Chapter 7)

I. FISCAL SOUNDNESS – 422.502(f)(1)

- A. Please provide a copy of your most recent independently certified audited statements. (An MA organization that does not have a state license at the time of this application, or is within its first year of operation with no audit, must submit a copy of the financial information that was submitted at the time the State licensure was requested).
- B. Please submit an attestation signed by the Chairman of the Board, Chief Executive Officer and Chief Financial Officer attesting to the following:
  - 1. The MA Organization will maintain a fiscally sound operation and will notify CMS if it becomes fiscally unsound during the contract period.
  - 2. The MA organization is in compliance with all State requirements and is not under any type of supervision, corrective action plan, or special monitoring by the state regulator. **NOTE: If the MA organization cannot attest to this compliance, a written statement of the reasons must be provided.**



## DOCUMENTS TABLE OF CONTENTS

To add the page numbers for the Documents table of contents, place cursor at the end of each line (using the End key) and type in the page number. Do not press ENTER, just place the cursor at the end of the next line for the next page entry.

### GENERAL INFORMATION

Medicare Set-up Forms  
Position descriptions and resumes  
Maps of geographic area

### ORGANIZATIONAL AND CONTRACTUAL

State approval for business name  
Articles of Incorporation  
Bylaws  
Other entity documents, as applicable  
State license table  
Management services contracts  
Description of provider contracting arrangements in requested service areas

### HEALTH SERVICES DELIVERY

Medicare materials  
Medicare reconsideration and appeals procedures  
Medicare advance directives

### MARKETING

### FINANCIAL

Audited financial statements  
Unaudited financial statements  
Audited financial statements of guarantors/lenders  
Annual report  
Prospectus  
Insurance table  
Reinsurance/insolvency policies  
Insolvency documentation  
State financial requirements