COST PLAN POLICY ISSUE
03-009

QUESTION:

Can 1876 cost contractors sell to employer groups benefit packages with higher copayments or fewer non-Medicare benefits than they offer to individual members?

FINAL RESPONSE:

Enrollment in a Cost HMO/CMP is at the organizational (and not the plan) level. See 42 CFR 417.440(b)(1) and (2). Therefore, all Medicare enrollees of an 1876 cost HMO/CMP must receive the same basic benefit package for the same cost-sharing or copayment amounts. On the other hand, Cost HMOs/CMPs can also offer optional supplemental (non-Medicare) benefits. See 42 CFR 417.440(b)(3). An employer group might elect only some, but not all of the optional supplemental benefits offered by an HMO/CMP for its members. Additionally, an employer group can "buy-down" premium and cost-sharing for its members. Finally, Cost HMOs/CMPs can negotiate privately with employer groups for benefits not covered by Medicare. Such privately negotiated non-Medicare benefits, associated premiums and copays are "outside" the CMS Medicare contract.

The waiver authority granted in section 617 of BIPA to CMS relates only to the M+C program and does not extend to the Cost program. Therefore there can be no "actuarial swapping" or "actuarial equivalence" within a Medicare cost plan, as there can be for employer group members of an M+C plan.