

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Blvd.
Baltimore, Maryland 21244



Health Plan Policy Group/CBC

Date: November 22, 2002

To: Section 1876 Cost-Based Contractors
Health Care Prepayment Plans

From: Director
Health Plan Policy Group

Subject: Effective Date of Cost Plan Enrollment – New Policy Option

Beginning November 15, 2002, Medicare cost plans will have the option to follow:

- 1) The current cost plan effective date rules (as outlined in the HMO/CMP manual Part 2, Chapter 1 Enrollment - section 2002), **OR**
- 2) The effective date policy for enrollment outlined below, which is modeled after the Medicare+Choice effective dates for the Open Enrollment Period, Initial Coverage Election Period, and the Annual Election Period (see Chapter 2 of the Medicare Managed Care Manual).

Medicare cost plans will be expected to follow the chosen option throughout the contract year. CMS may permit an organization to change to the other option for good cause.

Managed care organizations will be expected to notify the appropriate CMS Regional Office if they choose to follow the new effective date option and include this change in the policies and procedures provided to CMS.

New Effective Date Option

As of November 15, 2002, cost plans will have the option to offer effective dates that are similar to the open enrollment, annual election, and initial coverage election periods provided in the M+C effective date instructions. Cost plans who choose this option will follow the following rules:

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

- **November 15th through December 31st of every year:** Enrollments made during this time period will be effective January 1 of the following year. (Note: Since the AEP and the OEP occur November 15 – December 31, the cost plan must allow the individual to choose the effective date. If no choice is made, January 1 would be the effective date.)
- **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 and will be effective the first day of the month of entitlement to Medicare Part A and/or Part B.
- **Employer group members only:** Cost plans that have contracted with an employer group may offer these beneficiaries 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.

Beneficiary Notices

Prior to the effective date of coverage, the cost plan must provide the enrollee with all the necessary information about being a Medicare member of the cost plan, the plan rules, and the member's rights and responsibilities. The cost plan must also provide the individual with the following:

- A copy of the completed enrollment form, if the individual does not already have a copy of the form;
- A letter acknowledging receipt of the completed enrollment form and showing the effective date of coverage;
- Evidence of health insurance coverage so that he/she may begin using plan services as of the effective date. (Note: The term "evidence" does not refer to the Evidence of Coverage. Evidence here may be in the form of member cards, enrollment form, and/or a letter to the member.)

Marketing

Any cost plan that chooses the option outlined above must submit any change to its marketing materials (including the above required acknowledgement letter) that reflects the new option to the appropriate CMS Regional Office for review and approval.

Systems

CMS will make the necessary system changes to allow cost plans to submit transactions under this option for the December 2002 plan data due date. This means that the system will be ready to accept transactions as of November 15, 2002, for effective dates of December 1 or January 1, 2002.

If you have any questions about this policy change, please contact Lynn Orlosky of my staff at (617) 565-1274. Thank you.

