



MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

DATE: April 25, 2013

TO: Medicare Advantage Organizations and Employer/Union-Sponsored Group Health Plans

FROM: Danielle R. Moon, J.D., M.P.A.
Director

SUBJECT: Issuance of Proposed Update to Chapter 4 of the Medicare Managed Care Manual

Accompanying this memorandum is a proposed update to Chapter 4 of the Medicare Managed Care Manual, “Benefits and Beneficiary Protections.” We are releasing this document to obtain public comment, which we will consider carefully before finalizing Chapter 4 next month.

This proposed update to Chapter 4 includes new guidance for Medicare Advantage organizations (MAOs) and employer/union-sponsored group health plans effective contract year 2014. We propose new content and/or clarification of policy in the following areas:

- **Table of Contents:** We have added subsections to the chapter sections in an effort to facilitate searches.
- **Drugs that are Covered Under Original Medicare Part B (Section 10.8):** We clarify existing policy that prohibits MAOs from imposing any uniform policy that prevents enrollees from receiving appropriate coverage and administration of Part B covered drugs.
- **Durable Medical Equipment, Prosthetics, Orthotics and Supplies (Section 10.12):** We clarify existing policy that requires MAOs to provide “loaner” durable medical equipment (DME) to enrolled beneficiaries during the period that their covered DME items are being repaired or replaced. This is a beneficiary protection in Original Medicare; consequently, plans are obligated to adhere to this requirement.
- **Items and Services Not Eligible as Supplemental Benefits (Section 30.4):** To improve readability, we have bulleted this section. We also identify four additional categories that may not be offered as supplemental benefits: (i) brain training/memory fitness services; (ii) rewards and incentives; (iii) loaner DME items; and (iv) care coordination services.
- **Items and Their Over-the-Counter Status (Section 40.4):** CMS only requires that the enrollee have an oral discussion with his/her personal provider as a condition of coverage

for dual-purpose over-the-counter (OTC) items. However, plans may require either an oral discussion or written notice for either dual-purpose or eligible OTC items.

- **Access and Availability Rules for Coordinated Care Plans (Section 110.1):** We define and differentiate authorization and referral in order to ensure that plans accurately convey what is expected of enrolled beneficiaries and providers.
- **Rules for All MAOs to Ensure Care Coordination (Section 110.4):** We clarify our current policy that care coordination may not be offered as a supplemental benefit because those services are integral to the appropriate delivery of care by coordinated care plans.
- **Access, Gatekeeper and Cost Sharing by Plan Type (Section 110.5):** We clarify guidance related to required services for HMO-POS plans by adding a separate row for the HMO-POS option in Table IV.
- **MAO Renewal Options and Crosswalk (Section 140):** We clarify that, under current policy, non-segmented plans may renew as, or consolidate into, a segmented plan and request that current enrollees be transitioned to the plan segments.
- **Benefits During Disasters and Catastrophic Events (Section 160):** We provide additional guidance about Medicare Advantage plan responsibilities during disasters.

Please note that only phrases, paragraphs and sections that present significant, new or modified guidance are identified in red italics in the attached version of the updated Chapter 4. Changes to section headings, section re-ordering, punctuation, and editorial changes to language have not been highlighted. For those wishing to review in greater detail all of the changes between this version and the current Chapter 4, that version may be accessed at:

<http://www.cms.hhs.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/mc86c04.pdf>. We hope that this information will facilitate your review of the updated chapter.

We thank you in advance for your careful review and comments on this revision of Chapter 4. Please submit your comments electronically using the attached comment form to Russell.Hendel@cms.hhs.gov by May 9, 2013. You may also access this document as well as the proposed update to Chapter 4 at <http://www.cms.gov/Medicare/Health-Plans/HealthPlansGenInfo/index.html>.