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CENTERS for MEDICARE & MEDICAID SERVICES

MEDICARE DRUG & HEALTH PLAN CONTRACT ADMINISTRATION GROUP

DATE: May 25, 2012

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

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

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

Accompanying this memorandum is the final version of Chapter 4 of the Medicare Managed Care Manual, "Benefits and Beneficiary Protections." This chapter contains important information for the 2013 contract year. The updated chapter is available at http://www.cms.gov/Medicare/Health-Plans/HealthPlansGenInfo/index.html. Please note that red italic language indicates new policy content introduced in the draft update; blue italic language indicates additions incorporated subsequent to the draft update.

The draft update was issued for public comment on April 25, 2012. We received 85 comments on the draft from 22 external entities and carefully considered those comments as we finalized Chapter 4. We also incorporated into this final version of Chapter 4 relevant guidance from the Contract Year 2013 Rate Announcement and Final Call Letter issued on April 1, 2012, the HMPS memo "CY 2013 Medicare Advantage Bid Review and Operations Guidance," released on April 12, 2012, as well as new regulatory requirements finalized in the Contract Year Parts C and D final rule (77 FR 22072-22175) issued on April 12, 2012.

Below, we summarize the major differences between the draft and final versions of the updated Chapter 4.

- **Hospice Stays (Section 10.5).** We have provided further clarifications about situations in which an enrollee, who is in hospice status, receives benefits while enrolled in an MA plan.

- **Durable Medical Equipment (Section 10.13).** We have updated this section consistent with our recently issued Part C and D final rule.

- **Part D Rules for MA plans (Section 10.16).** We have included information regarding Part D requirements by plan type.

- **Medical Necessity (Section 10.17).** We have clarified several important regulatory requirements relating to medical necessity.

- **Annual Pap Smear/Pelvic Exams (Section 30.2).** We have clarified that annual Pap smear/pelvic exams that complement Medicare coverage every 24 months may be offered as a supplemental benefit.

- **Supplemental Benefits (Section 30.3).** We have updated this section consistent with our 2013 Call Letter and the HPMS memo cited above to specify items and services eligible as supplemental benefits. These include: counseling services, enhanced disease management, health education, nutrition dietary information, preventive benefits (at zero cost sharing), physical exam, post discharge in-home medication reconciliation, re-admission prevention, telemonitoring, and web and telephone-based technologies.

- **In-Home Safety Assessment (Section 30.3).** We clarify that an in-home safety assessment may be offered as a supplemental benefit even if it is not a part of a hospital re-admission program.

- **Meal Benefit (Section 30.3).** We have provided examples of chronic conditions for which a meal benefit may be offered.

- **Deductible Rules for PPOs (Section 50.4).** We have clarified the deductible rules for both regional and local PPOs.

- **Contracting with Another Insurer (Section 80.2).** We have clarified that benefits of another insurer with whom an MAO contracts (at no profit) is not a Value Added Items and Services (VAIS).

- **Medicare Administrative Contractor (MAC) with Exclusive Coverage of an item or service (Section 90.2).** We have clarified the obligation for a plan to follow local coverage determinations (LCDs) of MACs located outside their service area when those MACs have exclusive coverage of an item or service.

- **National Coverage Analysis (NCAs) (Section 90.3).** We have clarified the authority of NCAs.

- **Access (Section 110.1).** We have updated the examples of acceptable plan access.

- **Essential Hospitals (Section 110.2).** We have clarified that essential hospital rules apply to RPPOs but not to LPPOs.

- **Educating and Enrolling Members in Medicaid and Medicare Savings Programs (Section 210).** This information, originally included in Chapter 3, "Medicare Marketing Guidelines," is now included in Chapter 4.

We thank the various stakeholders on the draft version who submitted comments for their helpful feedback. We believe your comments have significantly improved the clarity and comprehensiveness of Chapter 4. If you have any questions about the policies articulated in this updated Chapter 4, please contact your Regional Office Account Manager.