

Date: March 28, 2003

To: Medicare + Choice Organizations

From: Robert Donnelly, Director, Health Plan Policy Group

Subject: New Election Mechanism for Medicare + Choice (M+C) Plans Offered Through Employer Groups

In response to requests from M+C organizations, and to enhance the compatibility of M+C programs with employer sponsored health care options for people with Medicare, CMS, under our regulatory authority at §422.66(a) and §422.66(b)(1)(i), is establishing a new, optional election mechanism for the voluntary enrollment and disenrollment of beneficiaries into or out of an M+C plan offered through their employer.

M+C organizations may choose to accept voluntary M+C plan elections that reflect the employer's record of the coverage choice made by a retiree (and a spouse or eligible dependent, if applicable). These elections would be made through the existing process the employer utilizes for individuals to make their health coverage choice, and would not require the completion of an M+C enrollment or disenrollment election form. These elections may then be collected and submitted (including electronically) by the employer, or its Third Party Administrator (TPA), to M+C organizations to enroll (or disenroll) individuals into its plan.

New M+C Employer Group Voluntary Election Mechanism:

Beginning April 1, 2003, M+C organizations that offer M+C plans to employer groups may choose to accept voluntary elections directly from an employer group (or its TPA) without obtaining an M+C election form from each individual. The elections reported to the M+C organization will reflect the choice of retiree coverage individual enrollees made using their employer's process for selecting a health plan. This election mechanism is optional for M+C organizations, and may not be required. Therefore, M+C organizations may specify the employer groups, if any, from which they will accept this election format and may choose to accept enrollment and/or voluntary disenrollment elections.

The record of an individual's choice of health plan submitted by the employer effectively replaces the M+C election form(s). All eligibility, processing and notice requirements, as outlined in the Medicare Managed Care Manual (MMCM) and other references, that pertain to election forms are applicable to this election mechanism.

Notices of disenrollment, cancellation or termination of coverage not initiated by an enrollee election (i.e. involuntary disenrollment) are not included in this mechanism. Guidance for these situations is available in the MMCM, Chapter 2: Medicare+Choice Enrollment and Disenrollment, Section 50.7.

Additional information is provided in the attachment to this letter titled "Important Information About Accepting New M+C Employer Group Elections." We will incorporate this policy change in a forthcoming update of Chapter 2 of the MMCM. If you have any questions regarding this policy change, please contact Randy Brauer of my staff at (410) 786-1618.

Important Information About Accepting New M+C Employer Group Elections

- The M+C organization must inform its Regional Office Plan Manager of its intent to use this mechanism and identify the employer group(s) for which it will be accepting enrollments, voluntary disenrollments, or both, made in this manner.
- The enrollment and disenrollment information (i.e., the electronic file) submitted to the M+C organization by an employer (or TPA) must accurately reflect the employer's record of the election of coverage made by each individual according to the processes the employer has in place, and may be accepted without a hard-copy M+C election form.
- Sales package minimum information requirements are not changed by using this option. These include, but are not limited to, providing the applicable rules of the M+C organization. Each individual's enrollment election must clearly denote his/her agreement to abide by the M+C organization rules, certify his/her receipt of required disclosure information and include authorization by the beneficiary for the disclosure and exchange of necessary information between the U.S. Department of Health and Human Services (and its designees) and the M+C organization. The requirements for all other information provided to enrollees, both pre- and post-enrollment, are unchanged by this option and must be satisfied.
- The enrollment election transaction must include all the data necessary for the M+C organization to determine each individual's eligibility to make an election as described in the MMCM, Chapter 2: "Medicare+Choice Enrollment and Disenrollment," Section 20. Agreements with employer groups should identify required data elements. A detailed list of these elements is provided as Appendix 2 in the MMCM, Chapter 2.
- This alternate election mechanism is used in place of paper M+C election forms, and does not require a signature. For purposes of compatibility with existing instructions in the MMCM, the "signature" date of elections made in this manner will be the date the retiree completes his/her employer's coverage choice process, as recorded by the employer. The M+C organization "receipt" date will be the date the employer's record of an individual's choice is received by the M+C organization. M+C organizations must record these dates.
- Effective date calculation of voluntary elections and the collection and submission of elections to CMS will follow existing procedures.
- To accept electronic records of employer group elections, the M+C organization must, at minimum, comply with the CMS security policies regarding the acceptable method of encryption utilized to provide for data security, confidentiality and integrity, and authentication and identification procedures to ensure both the sender and recipient of the data are known to each other and are authorized to receive and decrypt the information. (See the CMS web site at: <http://www.cms.hhs.gov/it/security> for additional information.)
- The employer's record of the election must exist in a format that can be easily, accurately and quickly reproduced for later reference by each individual member, the M+C organization and/or CMS as necessary, and be maintained (by the employer or the M+C organization, as they agree) for at least 6 years following the effective date of the individual's disenrollment from an M+C plan. The M+C organization must maintain its record of information received from the employer following the guidelines for M+C election forms.