

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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Baltimore, Maryland 21244-1850



Health Plan Benefits Group
Center for Beneficiary Choices

DATE: June 22, 2004

TO: Medicare Advantage Organizations (formerly Medicare+Choice Organizations)
Section 1876 Cost-based Contractors

FROM: Patricia Smith /s/
Director

SUBJECT: Instructions for the 2005 Contract Year

I am pleased to send you the instructions for the 2005 contract year. Like last year, we have placed the contract renewal and non-renewal instructions in the same document. Parts I-III contain the information necessary for renewing contracts. Parts IV and V describe the non-renewal process. Part VI lists important contacts.

The 2005 contract year is an important transition period as we move into full implementation of the Medicare Modernization Act (MMA) on January 1, 2006. For this reason, we direct your attention to some critical dates in 2005 for the receipt and approval of new 2005 applications and service area expansions. Any organization that wants to offer a new coordinated care plan in 2005, including a local Preferred Provider Organization (PPO), must submit the application no later than February 1, 2005 for an effective date no later than June 1, 2005. As required by MMA, no local PPOs will be approved for contract years 2006 and 2007. Any organization that wishes to offer a Private Fee-for-Service plan (PFFS) in 2005 must submit that application no later than January 1, 2005 for an effective date no later than June 1, 2005. The earlier date for PFFS is necessary for the additional assessment of claims adjudication.

Any organization that wishes to apply for a service area expansion in 2005 must submit the application no later than March 1, 2005 and must be approved no later than June 1, 2005. We will allow for an effective date later than June 1 provided the applicant has met all program requirements by the June 1 date.

Please note that the dates listed above are driven by the MMA requirement that all contracting organizations must submit the 2006 bid proposals no later than June 6, 2005 for an effective date of January 1, 2006.

Organizations that are making products available as part of the Medicare Preferred Provider Organization (PPO) Demonstration will be expected to generally adhere to the requirements and timeframes specified in this Call Letter. However, detailed instructions

will be provided in a separate communication from the CMS demonstration program staff. Please note that the PPO Demonstration will end December 31, 2005. The CMS demonstration program staff will work with the participating demonstration organizations to ensure they are fully informed of requirements for transitioning to the Medicare Advantage program for the 2006 contract year.

A conference call has been scheduled to address questions in regard to the 2005 Call Letter. The call will be on June 30th from 3:00pm to 4:30pm EDT. To participate please call 1-800-619-8846, Pass code: "APACHE."

Thank you for your continued service to Medicare beneficiaries. If you have specific questions about any of these instructions please contact the analyst listed in Part VI or send an e-mail to PDoerr@cms.hhs.gov. He will distribute to the appropriate contact person for a response.

We look forward to your continued participation in the Medicare managed care program.
