

Operational Policy Letter #4

Department Of Health & Human Services

Health Care Financing Administration

Medicare Managed Care

May 1, 1995

OUT-OF-AREA AGE IN -- COST ENROLLEES

Issue:

Some commercial members of risk and cost plans live outside the 1876 service area. When these enrollees become entitled (or "age-in") to Medicare, they will find themselves outside the HCFA-approved risk or cost service area. This can occur even though the enrollee never had problems with access or availability of services as a commercial member.

Operational Policy Question:

Will a Medicare beneficiary who converts to Medicare while living outside the 1876 service area be able to convert to a plan's risk or cost product, or must the plan disenroll?

Discussion:

The response to this question must balance two important policy considerations: 1) HCFA's obligation to ensure services are "available and accessible" to all 1876 risk and cost enrollees; and 2) beneficiary choice.

The service area is used to ensure all required (and other) services which Medicare members contract for are available and accessible, with reasonable promptness, to Medicare beneficiaries with respect to geographic location, hours of operation, and provisions of after-hours service. Medically necessary emergency services must be available twenty-four hours a day, seven days a week. (See 42CFR417.106(b) and 42CFR417.416(e).)

However, another section of the regulations speaks to HCFA's other important policy consideration, beneficiary choice:

"An HMO or CMP must accept as a Medicare enrollee any individual who is enrolled in the HMO or CMP for the month immediately before the month in which he or she is entitled to both Medicare Parts A and B or Part B only." (42CFR417.432(a))

The regulation goes on to state that unless the individual chooses to disenroll, he or she is entitled to membership upon conversion (42CFR432(a)). Moreover, an HMO or CMP may not disenroll an individual who is converting under these provisions unless certain conditions are met (42CFR432(c)).

Although moving out of the service area is one of these conditions, aging-in while living outside the service area is not. Therefore, a beneficiary cannot be disenrolled from a 1876 risk or cost plan simply because he or she became entitled to Medicare while living outside the plan's Medicare service area. (On the other hand, an HMO or CMP must disenroll a beneficiary who moves out of the plan's service area.) (42CFR417.460(a)(2))

Answer:

An HMO or CMP may not disenroll a commercial member simply because he or she ages into Medicare while living outside of the plan's approved 1876 risk or cost service area. This policy is supported by regulation and HCFA's overarching policy goal of providing choice for Medicare beneficiaries.

The HMO/CMP is not relieved, however, of its obligation to ensure Medicare-covered services are available and accessible to converted Medicare enrollees living outside the approved service area. The HMO/CMP can meet this obligation by ensuring that the beneficiary:

- has the same access to care he or she enjoyed as a commercial member;
- understands that he or she may have to travel to the Medicare-approved service area to receive Medicare-covered services that are not provided in the commercial geographic area; and
- understands that he or she is able to disenroll immediately if the out-of-service area enrollment does not meet his or her health care needs.

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