

## *OTHER NEW BENEFICIARY PRODUCTS*

The Medicare Modernization Act (MMA) creates a new plan option for special needs beneficiaries and makes changes to the Medicare Advantage Medical Savings Accounts that should lead to the development of this plan option for Medicare beneficiaries.

### **Special Needs Plans**

Under the MMA, certain specialized Medicare Advantage plans can limit enrollment to special needs subgroups of the Medicare population in order to focus on ensuring that their needs are met as effectively as possible. This provision will encourage greater access to Medicare Advantage plans for special needs subgroups. Specialized Medicare Advantage plans exclusively or disproportionately enroll special needs individuals. Two groups of special needs Medicare individuals are specified--the institutionalized and those who also have Medicaid coverage. CMS can establish requirements for other "special needs" groups, namely those with severe or disabling chronic conditions that would benefit from enrollment in a specialized Medicare Advantage plan. In the proposed regulation, we ask for input on how to define these groups, and other facets of the special needs plan option. Payment for special needs plans will be on the same basis as payment for other non-specialized Medicare Advantage plans. This Medicare Advantage option is available for periods before January 1, 2009. Medicare Advantage plans have expressed great interest in providing special needs plans for dual eligibles, institutionalized beneficiaries, and other special needs groups. CMS approved the first special needs plan to begin serving dual eligibles on June 1, 2004, and expects many more applications as a result of the new proposed regulations.

### **Medical Savings Account (MSA) Plans**

Under the MMA, the Medical Savings Account (MSA) program becomes a permanent option for beneficiaries. Additionally, the former limit on the number of enrollees is removed, and the deadline for enrollment is eliminated. By eliminating the limit on enrollees and the enrollment deadline, the MMA makes this option more attractive for plans and beneficiaries. Under the MSA option, the beneficiary chooses a qualifying Medicare MSA high-deductible insurance plan. Medicare then pays the premium for the MSA plan and makes a deposit into the Medicare MSA that is established by the beneficiary. The beneficiary uses the money in the Medicare MSA to pay for services provided before the deductible is met and for other services not covered by the MSA plan. Any remaining funds are allowed to accrue from year-to-year. The MSA option is geared toward allowing beneficiaries to play a greater role in their health care purchasing decisions.

Comments on the proposed regulations will be accepted until October 4, 2004. Comments should be submitted to the Centers for Medicare & Medicaid Services at [www.cms.hhs.gov/regulations/ecomments](http://www.cms.hhs.gov/regulations/ecomments)