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### **MEMORANDUM**

**DATE:** August 19, 2010

**TO:** All Medicare Advantage Organizations, 1876 Cost Contractors, and Demonstrations

**FROM:** Danielle R. Moon, J.D., M.P.A.  
Director  
Medicare Drug & Health Plan Contract Administration Group

**SUBJECT:** Quality Review of Bid Submissions and Correcting Plan Benefit Packages during Rebate Reallocation Period

The purpose of this memo is to advise Medicare Advantage Organizations (MAO), 1876 Cost Contractors, and Demonstrations of appropriate and reasonable changes allowed during the rebate reallocation period, which began on Wednesday, August 18, 2010 (see our August 18, 2010 HPMS memo entitled “Annual Release of Part D National Average Bid Amount and other Part C & D Bid Related Information”). Organizations, contractors, and demonstrations with a Part D drug benefit reallocate Part C rebate dollars in the Medicare Advantage (MA) bid pricing tool (BPT) for certain MA plan bids. However, the rebate reallocation period is not an opportunity to redesign the basic A/B benefits package, and unauthorized plan benefit package (PBP) changes may not be made during this period. Specifically, neither changes to previously negotiated cost sharing amounts nor the revisions of the out-of-pocket maximum are permitted. Please refer to Appendix E of the 2011 Medicare Advantage and Medical Savings Account BPT instructions.

CMS encourages all MAOs to use the upcoming rebate reallocation period gate opening and up until no later than **11:59PM EDT, Monday, August 23, 2010**, to correct errors in the PBP that are supported by information contained in the BPT (Cost Plans may request to make appropriate adjustments to their PBPs during this period). All MAOs should perform a thorough quality review of bid submissions in order to identify and correct errors at this time, rather than wait to make a plan correction request when the plan correction module opens for requests in mid-September. No plan corrections will be accepted after October 1, 2010. Only changes to the PBP that are supported by the BPT are allowed during the plan correction period.

As a reminder, CMS expects that requests for plan corrections will be minimal (see our April 16, 2010 HPMS memo entitled “Benefits Policy and Operations Guidance Regarding Bid Submissions; Duplicative and Low Enrollment Plans; Cost Sharing Standards; General Benefits Policy Issues; and Plan Benefits Package (PBP) Reminders for Contract Year (CY) 2011”). As required by 42 CFR 422.254, submission of the final actuarial certification and the bid attestation serve as documentation that the final bid submission has been verified and is complete and accurate at the time of submission. A request for a plan correction indicates the presence of inaccuracies and/or incompleteness of a bid and calls into question an organization’s ability to submit correct bids and the validity of the final actuarial certification and the bid attestation. Please be advised that an organization requesting a plan correction will receive a corrective action warning letter. An organization that received a warning letter for CY 2010 may receive a request for a corrective action plan if it requests a plan correction for CY 2011.